PRESS ANNOUNCEMENT

GAMES WORKSHOP GROUP PLC

For immediate release **31 July 2012**

PRELIMINARY RESULTS 2012

Games Workshop Group PLC ("Games Workshop" or the "Group") announces its preliminary results for the 53 weeks ended 3 June 2012.

Highlights

- Revenue
  - Revenue at £131.0m (2011: £123.1m)
  - Revenue at constant currency* at £130.8m (2011: £123.1m)

- Profit
  - Operating profit pre-royalties receivable at £15.6m (2011: £12.8m)
  - Operating profit at £19.1m (2011: £15.2m)
  - Pre-tax profit at £19.5m (2011: £15.3m)

- Earnings per share of 46.8p (2011: 36.0p)
- Cash generated from operations of £28.0m (2011: £25.8m)
- Dividends per share declared in the year of 63p (2011: 45p)

Mark Wells, CEO of Games Workshop, said:

"Games Workshop has had a good year. We have launched some great new products including the new Citadel paint range. We have made good progress on all our major initiatives. This has resulted in an encouraging level of volume growth. We have a strong management team and excellent staff who are committed to delivering a healthy return on capital. We have honoured our commitment to distribute genuinely surplus cash to our shareholders."

…Ends…

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Investor relations website http://investor.games-workshop.com
General website www.games-workshop.com

The 2012 annual report may be viewed at the investor relations website at the address above.

* Constant currency revenue is calculated by comparing results in the underlying currencies for 2011 and 2012, both converted at the 2011 average exchange rates.

FINANCIAL HIGHLIGHTS

	2012*	Restated 2011
Revenue	**£131.0m**	£123.1m
Revenue at constant currency	**£130.8m**	£123.1m
Operating profit - pre-royalties receivable	**£15.6m**	£12.8m
Royalties receivable	**£3.5m**	£2.4m
Operating profit	**£19.1m**	£15.2m
Pre-tax profit	**£19.5m**	£15.3m
Cash generated from operations	**£28.0m**	£25.8m
Earnings per share	**46.8p**	36.0p
Dividends per share declared in the year	**63p**	45p

*For the 53 weeks ended 3 June 2012

Prior periods have been restated to reflect a change in accounting policy for royalty income recognition with effect from 30 May 2010 (see note 7).

CEO's COMMENTARY

Performance

Our core business delivered a good performance in 2011/12. All three sales channels were in growth and we continued to open more Games Workshop Hobby centres and independent stockist accounts across the world. Gross margins have remained strong and our continuing stream of innovative new product releases continued to surprise and delight Hobbyists.

Our focus on improving the quality of service in our Hobby centres has given rise to healthy like for like growth in our Hobby centre channel across the world. It is particularly encouraging to see like for like growth in the UK and North America, our two largest businesses, and there were also good performances from our Hobby centres in Northern Europe, Germany, Italy and Japan. We continued to open our successful one man Hobby centre format in new cities, particularly in Europe and North America, replacing unprofitable shopping centre stores.

Sales to independent stockists have increased, particularly in the UK and North America where we have increased the number of independent accounts stocking our best selling ranges. Our web store has also delivered good growth, especially from the in-store terminals in Games Workshop Hobby centres, through which we offer access to our entire back catalogue of products.

Gross margins have remained strong, benefitting from the relocation of all manufacturing activities back to Nottingham to work more closely with our design and supply teams. The Citadel Finecast resin range launched last year has seen both quality and efficiency improvements throughout the year and we expect further improvements as we continue to refine this new manufacturing process. Our latest innovation, the new Citadel paint range, has launched very successfully across all channels; I will comment further about this later in the commentary.

Forge World and Black Library, our two specialist businesses, have delivered excellent results this year. The new Warhammer Forge range has proved a very popular addition to Forge World and the Horus Heresy range of novels and limited edition novellas continue to be outstanding performers for Black Library.

Core business operating costs are under control and we have continued to manage our retail property and staff costs carefully. Central costs are up on last year as we invested in a new management information system, digital product and other central projects. We expect these investments to pay back within the next 12 months.

Asset turn has improved again this year through careful capital investment, prudent forecasting and good stock management. This, combined with an improving operating profit margin, has driven core business return on capital up to 47%. In addition, this year's unusual royalty income from THQ's Space Marine game has helped improve Group return on capital to 57%.

Review of 2011/12 initiatives

Each year we seek to address a small number of high priority issues to enhance the value of Games Workshop. We have found that the most effective way of achieving a successful result is to assign a dedicated project team to each initiative. The focus in 2011/12 was on a number of issues to help Games Workshop deliver volume growth; as described in this commentary, the results have been encouraging.

Retail Standards
A year ago we were busy rolling out improved customer service standards across all our Hobby centres. The standards of service we seek to deliver in our Hobby centres are enshrined in what we call the 10 Commandments of Customer Service. They were developed by our Hobby centre managers across the world in a series of global workshops. Each Hobby centre manager is committed to delivering these standards which they helped to develop.

In order to ensure that these standards are not only delivered but improved upon, we bring every manager to national training meetings every quarter. At these meetings, which we call Hobby Skills Camps, our regional managers and trainers conduct customer service role-play sessions with all managers to refresh and improve their skill in using them. These camps have also had a noticeable impact on morale. Those of you who know us well will appreciate that getting a large group of Games Workshop Hobby centre managers together in one place is never dull! We always have time for a few beers to celebrate success: our very own Joseph Bugman's XXXXXX brew of course!

The success of this initiative is reflected in the steady improvement in retail like for like growth reported above. Such is our confidence in the effectiveness of Hobby Skills Camps, they have now become the way we do business at Games Workshop and have been incorporated into our annual calendar.

At Games Workshop we have two performance related pay schemes, both of which have paid out this year. The first is the profit share scheme which is designed to share part of the profits generated in an exceptional year with the staff who made that performance possible. The profit share is a cash sum up to a maximum of £1,000 per member of staff. In defining exceptional performance, we only consider core business performance ahead of investor expectations. We exclude licensing income from this calculation as this is not the result of the work the majority of our staff perform. In the current year, the volume growth we have delivered has ensured the core business performed ahead of expectations and the payout is £475 per member of staff. The total amount of profit share was £864,000.

The other performance related pay scheme is for Hobby centre managers who deliver volume growth. The size of each award is 20% of sales growth achieved in his or her Hobby centre above Games Workshop price inflation. This year 207 managers received an award. The total amount of Hobby centre manager performance related pay was £652,000.

We plan to continue both schemes in 2012/13.

Manager pipeline
It has long been our belief that the most important factor in the performance of a Hobby centre is the quality of the manager. It is perhaps surprising therefore that until last year Games Workshop has not had a consistent approach to manager recruitment. Over the last 12 months a cross functional project team has established the best approach to recruiting good Hobby centre managers and has rolled this process out across the world.

We now have dedicated recruitment, induction, training and coaching resources for new Hobby centre managers in every territory. At each stage in this process, managers are assessed on their attitude and in particular on their 'fit' with Games Workshop. This is a rigorous process: we screen more than 100 applications to deliver one successful candidate. As a consequence, the quality of manager in Games Workshop Hobby centres has improved significantly.

Currently 98% of our Hobby centres have a trained manager and over half have a named successor ready to be deployed. We believe that this will help to ensure that our sales businesses are better able to respond to under-performance and deliver consistently high levels of customer service for our Hobbyists.

New cities
The one man format has proven to be the most profitable way of opening a Games Workshop Hobby centre in new locations. With lower set up and operating costs, these stores typically generate a profit within their first year of trading. Combined with the improvement in recruitment from our manager pipeline process described above, we have embarked on a new phase of openings in greenfield cities worldwide.

In the past year we have opened one man Hobby centres in the following cities for the first time: Amersfort, Dordrecht, Groningen, Oldenburg, Girona, Atlanta, Cincinnati, Denver, Indianapolis, Orlando, Phoenix and San Antonio. We have also opened a Hobby centre in China and in Poland for the first time. Both the Shanghai and Warsaw Hobby centres have seen encouraging sales in their first months of trading.

To ensure Hobby centre openings are successful, we conduct a local marketing campaign with clubs, schools, libraries, independent stockist accounts, the web and Facebook. Given the importance of word of mouth in recruiting new Hobbyists, the bigger the crowd at launch, the better a Hobby centre will perform in its first year as those initial partygoers promote Games Workshop to their friends. In almost every case, the launch weekend has seen a queue of excited Hobbyists eager to celebrate the opening. Cake, balloons, games and hundreds of Citadel miniatures are a winning combination!

Management information systems
As Games Workshop has become clearer about what the key drivers of our performance are, we have sought to provide accurate, consistent and timely performance indicators by which to manage the business. The biggest challenge in achieving this has been the wide variety of systems and metrics used in each sales business.

The management information project team has focused this year on establishing the KPIs of our retail channel. This involved agreeing a small number of consistent metrics for Hobby centre sales performance, a global database to consolidate the relevant data feeds and an iPad instrument panel for use by all field-based sales management. Particularly important was the development of trend information to help regional management take early and appropriate action.

This system has been rolled out across all sales businesses and has been instrumental in the effective performance management of our retail channel this year. The project team is now focused on developing KPIs for the manager pipeline and independent stockist sales teams around the world.

Citadel paint range
In April 2012, we relaunched our Citadel paint range to broad acclaim. The range was extended from 75 to 145 paints to provide Hobbyists with a complete painting system of highly technical paints that deliver excellent results. We also launched a How to Paint Citadel Miniatures book with accompanying DVD - which demonstrated each of the different techniques and was filmed in our Games Workshop TV studio. All our UK Hobby centre managers were given the opportunity to try the new paints after supper at the Hobby Skills Camps in March. Such was the popularity of the paints that Bugman's Bar was empty until 11.00pm when the buses arrived to take the managers back to their hotel.

To give you an idea of how well the new Citadel paints were received by Hobbyists, the launch generated £2.75 million sales of paint in April alone. Of the 2.3 million pots that were dispatched from Lenton, some 2 million have already been sold. In sales to independent stockists all of the initial batch of 1,600 display racks sold through and we have had to order a further 600 racks to satisfy demand. We put a Direct bundle deal on our web store of the complete set of 145 paints priced at £333 and all 1,000 bundles sold out within a few days.

Our manufacturing and supply chain coped very well with the demand for the new Citadel paint range. By consolidating the bottling and filling operation in Lenton and by having a high quality paint supplier based in the UK, quality issues have been less than 0.01% and we have delivered a 15% reduction in cost per unit.

In addition, having all production based in the UK, we have been able to deliver a 99% in stock service level for retail. This in spite of the fact that we had to re-order some of the paint colours because we sold through three months' worth of stock in three weeks. These re-orders were in the warehouse within 48 hours.

Following the launch, we have seen core games sales increase in many territories, which suggests that we have been able to use this launch to improve our recruitment activity. The high take up of the full size paint racks in sales to independent stockists suggests that the new paint range will be selling well throughout the year in those accounts. We have also ensured that each of the paints has a trademark protected name to prevent anyone else from mimicking our colour palette.

All in all, a great example of the power of our vertically integrated niche business model.

Focus for 2012/13

With Games Workshop's retail chain in better shape with good processes and disciplines in place, the focus this year has shifted to our other channels and supply chain to support continued volume growth.

Trade Standards
After the success of Retail Standards, in January 2012 we implemented a similar initiative to improve the performance of sales through our independent stockists channel by adapting best practice from our successful North American trade department. There are three elements to this project: getting the range right, getting the team right and getting the training right.

On range, we found that by offering accounts a simple modular approach to building their range, we were able to ensure they stocked and re-ordered our best selling products every month. We call this modular system our stockist range, and it has proven popular with independent accounts which form the bulk of Games Workshop's trade base. Over time signing up to the stockist programme should help accounts achieve consistent sales growth; this in turn should lead to better retention of accounts by Games Workshop.

Within each trade team we have now established two distinct roles, which we refer to as Hunters and Farmers. Hunters are staff who find new accounts. They do this by making over 100 calls a week, from which they may open one or two new accounts. Farmers are staff who manage existing accounts and their primary task is to call accounts each week to ensure that they are in stock of the fast moving lines in their modules. As you can imagine each role requires a different personality. By getting the right person for the right role we have experienced much better performance in these two important aspects of our independent stockists channel.

Finally, regular training for Hunters and for Farmers has been introduced to improve skill levels. The training needs are different for each - although role-plays are critical to ensure these become second nature.

Trade Standards have only been in place for a few months and this will continue to be one of our key initiatives over the coming year.

Supply chain systems
Service levels provided by Games Workshop's warehouses in Nottingham, Memphis and Sydney have been excellent in recent years. These have been achieved while delivering significant cost saving and stock reduction goals through the application of continuous improvement techniques.

The systems that support our supply chain are many and varied, and have been adapted over the years leading to a number of bespoke applications that require constant maintenance by our tireless IT department. We have decided to embark on a programme of upgrades to replace these bespoke systems with industry standard applications that will be easier to maintain and upgrade.

The initial phase has already been implemented in the Eurohub warehouse in Nottingham with no disruption to service levels. Further phases are planned in Nottingham and in Memphis to ensure that volume growth can be delivered smoothly and efficiently over the coming years.

Global Games Day standards
One of the highlights in any Hobbyist's calendar is Games Day. We hold these events all over the world and they all have one thing in common: half of the attendees are seeking to purchase the latest Forge World, Black Library and Citadel products in the first two hours of their day. Unfortunately this has led to queues reminiscent of the M25 motorway on a bank holiday weekend.

After an unacceptable level of queuing at last year's UK Games Day, we have had a project team working on the problem for six months. A combination of more payment points including 20 additional tablet tills, better queuing systems, till and bag packer training, new packaging and bar code checks on Forge World products and a better co-ordinated sales area team are all being introduced this year.

These new measures are being piloted at the European Games Days this summer before the big test at UK Games Day in September. The lessons learned will be used to improve further this essential aspect of Games Workshop events across the world. Our goal is to ensure that Hobbyists can make their purchases with the minimum of queuing so that they can enjoy the other great Games Day activities on offer.

Global web store
Over the last four years Games Workshop's global web store has grown to represent 10% of sales. Over this time we have learnt much about what makes a good web store and there are a number of improvements we want to make to enhance its functionality and make the shopping experience easier and more enjoyable for Hobbyists. This will mean an upgrade of our ATG platform: we have deployed a project team to ensure this upgrade is delivered with minimal disruption to this increasingly important channel.

New products
For those of you who are Games Workshop Hobbyists, our new products pipeline is probably what interests you most. Sadly this is not something that I can say too much about: keeping details of our future releases secret until just before they are available to buy adds to the excitement and success of each launch. In the last 12 months we have narrowed the disclosure window to the weekend before release and sales of new products - and of White Dwarf which showcases the new products - have been significantly higher as a result.

What I can say is that we will release some amazing products this year. Products that will surprise and delight Hobbyists. We plan to do so every month, including December 2012 when we will release our new Hobbit range to coincide with the film. And... ahh, but that would spoil the surprise. You will just have to wait and see. You will not be disappointed.

Risks

For Games Workshop to continue to be successful, we need motivated, hardworking managers in all parts of the business who understand Games Workshop's niche business model, are aligned with its values and behaviours and are committed to getting things done. The biggest risk for Games Workshop is that we don't have enough of these managers to continue to grow the business globally. Over recent years, this risk has been mitigated through annual succession planning reviews and the personal development of managers through the Games Workshop Academy.

This year we have introduced a new programme for all managers which we named 'Understanding the Games Workshop Business'. The objective of this programme is to educate our future leaders on the critical success factors for running Games Workshop. So far, all senior managers have been through a series of workshops to understand how we recruit and retain good staff and how we manage our niche business model. This programme will be cascaded to all managers at Games Workshop. And then repeated every year.

Summary

Games Workshop has had a good year. We have launched some great new products including the new Citadel paint range. We have made good progress on all our major initiatives. This has resulted in an encouraging level of volume growth. We have a strong management team and excellent staff who are committed to delivering a healthy return on capital. We have honoured our commitment to distribute genuinely surplus cash to our shareholders.

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

The board believes the prospects for this business are good.

Mark Wells
CEO

CONSOLIDATED INCOME STATEMENT

	Notes	53 weeks to 3 June 2012 £000	Restated* 52 weeks to 29 May 2011 £000
Revenue	3	**131,009**	123,052
Cost of sales		**(30,118)**	(28,288)
Gross profit		**100,891**	94,764
Operating expenses		**(85,288)**	(81,975)
Other operating income - royalties receivable		**3,537**	2,455
Operating profit	3	**19,140**	15,244
Finance income		**434**	132
Finance costs		**(100)**	(89)
Profit before taxation		**19,474**	15,287
Income tax expense	5	**(4,760)**	(4,047)
Profit attributable to equity shareholders		**14,714**	11,240
Basic earnings per ordinary share	4	**46.8p**	36.0p
Diluted earnings per ordinary share	4	**46.6p**	35.7p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	53 weeks to 3 June 2012 £000	Restated* 52 weeks to 29 May 2011 £000
Profit attributable to equity shareholders	**14,714**	11,240
Other comprehensive expense		
Exchange differences on translation of foreign operations	**(298)**	(981)
Other comprehensive expense for the period	**(298)**	(981)
Total comprehensive income attributable to equity shareholders	**14,416**	10,259

*Prior periods have been restated to reflect a change in accounting policy for royalty income recognition with effect from 30 May 2010 (see note 7).

CONSOLIDATED BALANCE SHEET

	As at 3 June 2012 £000	Restated As at 29 May 2011 £000
Non-current assets		
Goodwill	**1,433**	1,433
Other intangible assets	**5,177**	4,968
Property, plant and equipment	**20,567**	21,047
Trade and other receivables	**1,529**	1,815
Deferred tax assets	**7,335**	6,475
	36,041	35,738
Current assets		
Inventories	**9,477**	8,431
Trade and other receivables	**11,068**	9,790
Current tax assets	**407**	593
Cash and cash equivalents	**17,358**	17,572
	38,310	36,386
Total assets	**74,351**	72,124
Current liabilities		
Trade and other payables	**(19,603)**	(12,383)
Current tax liabilities	**(3,479)**	(3,119)
Provisions	**(1,172)**	(1,384)
	(24,254)	(16,886)
Net current assets	**14,056**	19,500
Non-current liabilities		
Other non-current liabilities	**(301)**	(434)
Provisions	**(1,189)**	(1,677)
	(1,490)	(2,111)
Net assets	**48,607**	53,127
Capital and reserves		
Called up share capital	**1,579**	1,561
Share premium account	**8,737**	8,048
Other reserves	**2,443**	2,741
Retained earnings	**35,848**	40,777
Total shareholders' equity	**48,607**	53,127

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 May 2010 as previously reported	1,557	7,837	3,722	42,187	55,303
Change in accounting policy (note 7)	-	-	-	1,140	1,140
At 31 May 2010 as restated	1,557	7,837	3,722	43,327	56,443
Profit for the 52 weeks to 29 May 2011	-	-	-	11,240	11,240
Exchange differences on translation of foreign operations	-	-	(981)	-	(981)
Total comprehensive (expense)/income for the period	-	-	(981)	11,240	10,259
Transactions with owners:					
Share-based payments	-	-	-	141	141
Shares issued under employee sharesave scheme	4	211	-	-	215
Deferred tax credit relating to share options	-	-	-	97	97
Dividends to company shareholders	-	-	-	(14,028)	(14,028)
Total transactions with owners	4	211	-	(13,790)	(13,575)
At 29 May 2011 and 30 May 2011	1,561	8,048	2,741	40,777	53,127
Profit for the 53 weeks to 3 June 2012	-	-	-	14,714	14,714
Exchange differences on translation of foreign operations	-	-	(298)	-	(298)
Total comprehensive (expense)/income for the period	**-**	**-**	**(298)**	**14,714**	**14,416**
Transactions with owners:					
Share-based payments	-	-	-	254	254
Shares issued under employee sharesave scheme	18	689	-	-	707
Deferred tax charge relating to share options	-	-	-	(67)	(67)
Dividends to company shareholders	-	-	-	(19,830)	(19,830)
Total transactions with owners	**18**	**689**	**-**	**(19,643)**	**(18,936)**
At 3 June 2012	**1,579**	**8,737**	**2,443**	**35,848**	**48,607**

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**53 weeks to 3 June 2012 £000**	52 weeks to 29 May 2011 £000
Cash flows from operating activities			
Cash generated from operations	9	**28,034**	25,825
UK corporation tax paid		**(4,476)**	(2,160)
Overseas tax paid		**(532)**	(1,378)
Net cash from operating activities		**23,026**	22,287
Cash flows from investing activities			
Purchases of property, plant and equipment		**(4,822)**	(4,522)
Proceeds on disposal of property, plant and equipment		**33**	89
Purchases of other intangible assets		**(1,626)**	(694)
Expenditure on product development		**(2,977)**	(2,692)
Interest received		**142**	55
Net cash from investing activities		**(9,250)**	(7,764)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**707**	215
Interest paid		**-**	(72)
Dividends paid to company shareholders		**(14,776)**	(14,028)
Net cash from financing activities		**(14,069)**	(13,885)
Net (decrease)/increase in cash and cash equivalents		**(293)**	638
Opening cash and cash equivalents		**17,572**	17,089
Effects of foreign exchange rates on cash and cash equivalents		**79**	(155)
Closing cash and cash equivalents	8	**17,358**	17,572

NOTES TO THE PRELIMINARY RESULTS

1. The consolidated financial statements of Games Workshop Group PLC are prepared in accordance with International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretations Committee (IFRIC) interpretations and Standing Interpretations Committee (SIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

2. These results for the 53 weeks to 3 June 2012 together with the corresponding amounts for the 52 weeks to 29 May 2011 are extracts from the 2012 annual report and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

   The annual report for the 53 weeks to 3 June 2012, on which the auditors have issued a report that does not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006, will be posted to shareholders on 1 August 2012 and will be delivered to the Registrar of Companies in due course. Copies will also be available from Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham, NG7 2WS. This information is also available on the Company's website at http://investor.games-workshop.com.

   The annual general meeting will be held at Willow Road, Lenton, Nottingham, NG7 2WS at 10.00am on 20 September 2012.

   The preliminary announcement is prepared in accordance with the Listing Rules of the Financial Services Authority and accounting policies consistent with those used in the 2011 annual report except as follows:

   - The Group has changed its accounting policy for recognition of royalty income. The impact of this change is explained in note 7.

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

   - Management estimates and judgements are required in assessing the impairment of assets, including fixtures and fittings within loss making Hobby centres, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.

   - Judgement is involved in assessing the exposures in the provisions (including inventory, loss making Hobby centres, other property, bad debt and returns) and hence in setting the level of the required provisions.

   - Management estimates and judgements are required in assessing the recognition of deferred tax assets, particularly in relation to the timing and amount of future profits.

3. Segment information

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

As Games Workshop is a vertically integrated business, management assess the performance of sales businesses and manufacturing and distribution businesses separately. At 3 June 2012, the Group is organised as follows:

- Sales businesses. These businesses sell product to external customers, through the Group's network of Hobby centres, independent retailers and direct via the global web store. The sales businesses have been aggregated into segments where they sell products of a similar nature, have similar production processes, similar customers, similar distribution methods and are affected by similar economic factors. The segments are as follows:
    - UK. This sales business operates in the UK and Ireland.
    - Continental Europe. This combines the France, Germany, Italy, Spain and Northern Europe sales businesses.
    - North America. This combines the United States and Canada sales businesses.
    - Australia. This is the Australia sales business.
    - Export. This is the export sales business selling into emerging market territories.
    - Asia. This combines the Japan, China retail and Asia trade sales businesses.
    - Other. This includes the other operating segments reviewed by the chief operating decision-maker. These are the Forge World business, the Black Library business and Warhammer World.

- Product and Supply. This includes the design and manufacture of the products and incorporates production facilities in the UK, North America and until November 2010 in China.

- Logistics and stock management. This represents the warehousing and distribution activities needed to supply product to the sales businesses and includes facilities in the UK, North America, Australia and until November 2010 in China.

- Licensing costs. These are the costs of running the licensing department.

- Service centre costs. The service centre is established in the UK to provide support services (IT, accounting, payroll, personnel, supplier development, legal and property) to activities across the Group.

- Web costs. These are the costs associated with the running of the Games Workshop global web store.

- Central costs. These include the Company overheads, head office site costs and the costs of running the Games Workshop Academy.

- Profit in stock. This includes adjustments for profit in stock arising from inter-segment sales.

- Royalty income. This is royalty income earned from third party licensees.

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

The segment information reported to the executive directors for the 53 weeks ended 3 June 2012 is as follows:

	External revenue		Internal revenue		Total	
	2012	2011	**2012**	2011	**2012**	2011
	£000	£000	**£000**	£000	**£000**	£000
Sales businesses						
UK	**31,648**	31,006	**-**	-	**31,648**	31,006
Continental Europe	**40,757**	40,157	**-**	-	**40,757**	40,157
North America	**33,621**	30,250	**-**	-	**33,621**	30,250
Australia	**11,328**	10,630	**-**	-	**11,328**	10,630
Export	**1,700**	1,641	**-**	-	**1,700**	1,641
Asia	**1,737**	1,167	**-**	-	**1,737**	1,167
All other sales businesses	**10,218**	8,201	**1,900**	1,861	**12,118**	10,062
Other segments						
Product and Supply	**-**	-	**62,465**	57,725	**62,465**	57,725
Total	**131,009**	123,052	**64,365**	59,586	**195,374**	182,638
Intra-group sales eliminations	**-**	-	**(64,365)**	(59,586)	**(64,365)**	(59,586)
Total revenue	**131,009**	123,052	**-**	-	**131,009**	123,052

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.

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

		Restated
	2012	2011
	£000	£000
Operating profit		
Sales businesses		
UK	**4,835**	4,772
Continental Europe	**4,000**	3,614
North America	**4,211**	3,120
Australia	**(735)**	(406)
Export	**89**	292
Asia	**(624)**	(786)
All other sales businesses	**4,732**	2,967
Other segments		
Product and Supply	**24,369**	21,597
Total segment core business operating profit	**40,877**	35,170
Logistics and stock management	**(9,835)**	(10,588)
Licensing costs	**(273)**	(293)
Service centre costs	**(5,669)**	(5,712)
Web costs	**(2,271)**	(1,824)
Central costs	**(5,176)**	(3,926)
Profit in stock	**(932)**	103
Share-based payment charge	**(254)**	(141)
Profit share scheme charge	**(864)**	-
Total group core business operating profit	**15,603**	12,789
Royalty income	**3,537**	2,455
Total group operating profit	**19,140**	15,244
Finance income	**434**	132
Finance costs	**(100)**	(89)
Profit before taxation	**19,474**	15,287

Segment revenue of £5,010,000 and segment profit of £1,519,000 for the Northern Europe sales territories for the 52 weeks ended 29 May 2011 have been restated since the last annual report into Continental Europe rather than being in Emerging Markets and Japan. This reflects the management structure in place at 3 June 2012.

Segment revenue of £1,167,000 and segment loss of £786,000 for the Japan and Asia trade sales businesses for the 52 weeks ended 29 May 2011 have been restated since the last annual report into Asia rather than being in Emerging Markets and Japan. The newly established China retail business is also reported here. This reflects the management structure in place at 3 June 2012.

Segment revenue of £1,641,000 and segment profit of £292,000, being the remainder of the previously reported Emerging Markets and Japan segment, are now reported in the new Export segment.

Segment revenue of £167,000 and segment loss of £33,000 for the Other sales businesses segment for the 52 weeks ended 29 May 2011 have been restated since the last annual report into the UK rather than being shown in Other sales businesses. This reflects the current management structure in place.

Licensing income of £2,174,000 for the 52 weeks to 29 May 2011 has been restated since the last annual report into royalty income rather than being shown net of licensing costs. Licensing income of £281,000 for the 52 weeks to 29 May 2011 has been restated since the last annual report into royalty income rather than being within Other sales businesses. This reflects the way management view the business at 3 June 2012. An amount of £453,000 for the 52 weeks to 29 May 2011 has also been restated since the last annual report into Licensing costs rather than Product and Supply in order to correct a mis-classification in the previously reported segment information. As a result Product and Supply profit is £453,000 higher than previously reported and Licensing costs are £453,000 higher.

Costs of £116,000 for the 52 weeks to 29 May 2011 relating to the digital development team have been restated since the last annual report into Product and Supply rather than being shown in Licensing. This reflects the current management structure in place.

A profit of £103,000 for the 52 weeks to 29 May 2011 in respect of profit in stock arising on inter-segment sales has been restated since the last annual report into Profit in stock rather than being shown in Central costs. As a result Central costs for the 52 weeks to 29 May 2011 are £103,000 higher than previously reported.

4. Earnings per share

The calculation of basic earnings per ordinary share has been based on the profit attributable to equity shareholders of £14.7 million (2011 restated: £11.2 million) and the weighted average number of shares in issue throughout the period of 31,423,000 (2011: 31,182,000).

The calculation of diluted earnings per ordinary share has been based on the profit attributable to equity shareholders of £14.7 million (2011 restated: £11.2 million) 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 of 184,000 (2011: 281,000).

5. Income tax expense

	2012 £000	Restated 2011 £000
Current UK taxation:		
UK corporation tax on profits for the period	**4,803**	3,957
(Over)/under provision in respect of prior periods	**(44)**	134
	4,759	4,091
Current overseas taxation:		
Overseas corporation tax on profits for the period	**880**	1,064
(Over)/under provision in respect of prior periods	**(96)**	193
Total current taxation	**5,543**	5,348
Deferred taxation:		
Origination and reversal of timing differences	**(851)**	(1,095)
Under/(over) provision in respect of prior periods	**68**	(206)
Tax expense recognised in the income statement	**4,760**	4,047
Deferred tax charge/(credit) relating to sharesave scheme	**67**	(97)
Charge/(credit) taken directly to equity	**67**	(97)

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

	2012 £000	Restated 2011 £000
Profit before taxation	**19,474**	15,287
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25.67% (2011: 27.67%)	**4,999**	4,230
Effects of:		
Expenses not deductible for tax purposes	**455**	1,207
Movement in deferred tax not recognised	**198**	(122)
Deferred tax on losses now recognised	**(1,437)**	(1,814)
Higher tax rates on overseas earnings	**617**	425
Adjustments to tax charge in respect of prior periods	**(72)**	121
Total tax charge for the period	**4,760**	4,047

A number of changes to the UK corporation tax system were announced in the March 2012 Budget Statement. These include a further reduction to the main rate to 24% from 1 April 2012, to 23% from 1 April 2013, and to 22% from 1 April 2014. The reductions to 23% and 22% had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of the changes would not be material to the deferred tax asset recognised at 3 June 2012 as the full reduction in rate from 24% to 22% would decrease the deferred tax asset and profit after tax by £43,000.

6. Dividends per share

A dividend of 18 pence per share, amounting to a total dividend of £5,620,000, and a dividend of 29 pence per share, amounting to a total dividend of £9,156,000, were declared and paid during the period.

A further dividend of 16 pence per share, amounting to a total dividend of £5,054,000, was declared during the period and was paid after the period end. The dividend payable is included within trade and other payables at 3 June 2012.

A dividend of 25 pence per share, amounting to a total dividend of £7,784,000, and a dividend of 20 pence per share, amounting to a total dividend of £6,244,000, were paid during the 52 weeks ended 29 May 2011.

7. Change of accounting policy

Since the last annual report the Group has changed its accounting policy for recognition of royalty income. Previously royalty income was recognised by spreading the guarantees and advances receivable over the term of the licence agreement until it was virtually certain that the level of income from the licence would exceed those guarantees and advances. At this point all guarantees and advances received under the licence were taken immediately to the income statement. All other income receivable was recognised in the income statement by reference to the underlying licensee performance, after allowing for expected returns and price protection claims. Under the new policy, 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. Comparative amounts have been restated for the prior period as if the new accounting policy had always been applied. The Group believes that the new policy results in a fairer reflection of licensee performance in the Group income statement.

The change in accounting policy has resulted in a decrease in royalty income of £83,000 in the income statement for the 52 weeks to 29 May 2011, deferred income is £1,500,000 lower on the balance sheet at 29 May 2011, deferred tax is £390,000 lower on the balance sheet at 29 May 2011 and retained earnings are £1,110,000 higher at 29 May 2011. Basic and diluted earnings per share are both 0.1p lower than previously reported for the 52 weeks to 29 May 2011.

The impact of the change in policy for the current financial period is an increase in royalty income of £1,827,000 in the consolidated income statement.

8. Analysis of net funds

	As at 29 May 2011 £000	Cash flow £000	Exchange Movement £000	**As at 3 June 2012 £000**
Cash at bank and in hand	17,572	(293)	79	**17,358**
Net funds	17,572	(293)	79	**17,358**

9. Reconciliation of profit to net cash from operating activities

	2012	2011
	£000	£000
Operating profit	**19,140**	15,244
Depreciation of property, plant and equipment	**5,785**	5,848
Net impairment (reversal)/charge on property, plant and equipment	**(200)**	664
Net impairment charge on intangible assets	**111**	-
(Profit)/loss on disposal of property, plant and equipment	**(8)**	57
Loss on disposal of intangible assets	**11**	61
Amortisation of capitalised development costs	**3,179**	2,905
Amortisation of other intangibles	**1,123**	1,207
Share-based payments	**254**	141
Changes in working capital:		
-(Increase)/decrease in inventories	**(861)**	1,432
-Increase in trade and other receivables	**(1,091)**	(49)
-Increase/(decrease) in trade and other payables	**1,392**	(1,499)
-Decrease in provisions	**(801)**	(186)
Net cash from operating activities	**28,034**	25,825