

Best of the Best plc
(“Best of the Best”, “BOTB”, “the Company” or “the Group”)

Interim results for the six months ended 31 October 2017

Best of the Best runs competitions to win cars both online and at retail locations

Key Highlights for the six months

- Revenue of £5.54 million (2016: £5.52 million)
- Profit before tax increased to £0.95 million (2016: £0.92 million)
- Net assets of £1.83 million (2016: £2.22 million) underpinned by £3.0 million of cash and property
- Cash balances of £2.05 million (2016: £2.28 million) with no debt
- Online revenues increased by 6.8% to £4.44 million (2016: £4.16 million)
- Online revenues represented 82.0% (2016: 75.4%) of total revenue in the period
- Earnings per share of 7.67 pence (2016: 7.5 pence)
- Special dividend of 7.5 pence per share (£0.74 million) to be paid on 23 February 2018
- Growing investment in online marketing to increase player acquisition, with encouraging numbers of new customers

William Hindmarch, Chief Executive, said:

“I am pleased to announce a solid set of interim results versus a strong performance in the comparable period last year.

Our marketing investment has continued to grow, leading to a healthy growth in online sales which now represent 82% of all revenues.

We are attracting encouraging numbers of new customers through a considered marketing program encompassing airport sites, all forms of digital marketing, TV and radio.

The business is well placed for future growth and is trading in line with management expectations. We look forward to updating shareholders on progress in due course.”

Enquiries:

Best of the Best plc	William Hindmarch, Chief Executive Rupert Garton, Commercial Director	T: 020 7371 8866
finnCap	Carl Holmes - Corporate Finance Anthony Adams - Corporate Finance Andrew Burdis - Corporate Broking	T: 0207 220 0500
KTZ Communications	Katie Tzouliadis	T: 020 3178 6378

Please visit www.botb.com for further information.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Chief Executive's Statement

We have continued to grow our investment in all forms of marketing which has helped drive revenues and increase awareness of the BOTB brand and the Dream Car competition. It is our intention to gradually accelerate the rate of this investment to build on these results.

Results

Revenue for the six months ended 31 October 2017 was £5.54 million (2016: £5.52 million) and profit before tax rose to £0.95 million (2016: £0.92 million). The Company generated £0.69 million of operating cash flow. Net assets at 31 October 2017 stood at £1.83 million (2016: £2.22 million), underpinned by cash balances of £2.05 million (2016: £2.28 million) and our 967 year leasehold office properties valued at £0.95 million. Current cash balances stand at approximately £2.6 million.

As previously announced, BOTB noted the VAT decision given by the Supreme Court in favour of Sportech PLC on 8 December 2016, where the Supreme Court refused Her Majesty's Revenue & Customs ("HMRC") permission to appeal the Court of Appeal's unanimous decision regarding its VAT repayment claim on the "Spot the Ball" game. This resulted in a successful VAT reclaim by Sportech (the "Sportech Claim").

The Company submitted a protective claim in 2013 to recover overpaid VAT, and following the Supreme Court decision and after taking further specialist legal and tax advice, BOTB submitted a top-up claim. Combined with the original claim, the Company has now submitted claims totalling £4.5m (exclusive of professional fees, expenses and tax) to HMRC to recover VAT paid over an eight year period on its own "Spot the Ball" game, and is awaiting a response from HMRC. It is not certain that the Company will receive any repayment from HM Revenue & Customs, but we will update shareholders as this matter progresses.

Dividends

A special dividend of 6.5 pence per share was paid to shareholders on 30 June 2017 and a dividend in respect of the full year ended 30 April 2017 of 1.4 pence per share was paid to shareholders on 22 September 2017. As in prior years, the Directors expect to propose a final dividend for the financial year ending 30 April 2018, subject to the Company's trading performance, and to maintain a progressive dividend policy.

As the Company continues to be profitable, cash generative and benefits from a robust balance sheet the Company is also pleased to declare the return of approximately £0.75m to shareholders by way of a Special Dividend (the "Special Dividend") of 7.5 pence per ordinary share. Following the payment of the Special Dividend the Company will retain cash balances in excess of £1.5m which the Directors consider to be sufficient working capital to fund its activities over the next 12 month period. The Special Dividend will be paid on 23 February 2018 to shareholders on the register at the close of business on 9 February 2018. The Ex-dividend date is 8 February 2018.

Pricing

During the period and subsequently we have made significant changes to our pricing model. It has been our ambition, as we move to an almost exclusively online business, to reduce ticket prices and to widen our addressable market.

Prices have been reduced by over 50%, driven by a desire to reduce the high perceived cost of tickets. Our previous targeted weekly sales were restricting customer choice, so the new prices both assist player acquisition and make the aspirational cars that existing players really want to win much more accessible. The effect of these pricing changes has been encouraging, further facilitating our marketing efforts and increasing revenues from both new and existing customers. At the same time, we have improved the cash alternatives offered in lieu of taking the car as a prize and made their availability much more prominent.

The overall results have been positive, and with prize costs having increased a little as expected, we have been working on a number of initiatives to maintain margins going forward.

New Competitions

As well as our weekly Dream Car competition, we have recently launched a new weekly competition to win cash prizes of £5,000 and £10,000 for as little as 25 pence. This remains at a trial stage but we will be further experimenting by extending competitions into other popular categories such as watches and motorbikes. We anticipate that this will broaden the offering to our existing customers, as well as provide differing products through which to acquire new customers.

New Player Acquisition

Whilst a smaller part of the business, we continue to trade from six airport sites at Gatwick North & South, Manchester, Birmingham, Edinburgh and Dublin, and from one shopping centre site at Westfield London. The physical sites continue to contribute to wider brand and product awareness, although they have become increasingly profit neutral as a channel for customer acquisition. We will continue to carefully assess the relative efficiency and profitability of our physical channels, on a site by site basis.

Our online marketing investment to acquire new players continues to increase. We now have 210,000 Facebook followers, 46,000 Instagram followers and 20,000 YouTube subscribers. We have also recently launched BOTB TV, our weekly roundup of car and winner related news which is distributed on YouTube. All of these initiatives, combined with the use of social media influencers, TV and radio advertising have led to an extension in the BOTB community, growth in brand recognition and increased awareness of our competitions.

Whilst carefully monitoring the cost of acquiring new players through the many digital and physical channels which we employ, and analysing the returns throughout the customer lifetime, we continue to experience encouraging metrics for new player growth, increased site visits and ultimately in online revenues.

Outlook

We hope to build on the solid start to the financial year and continue the momentum into the second half. Trading remains in line with management expectations for the full year and I look forward to updating shareholders on further progress in due course.

William Hindmarch
Chief Executive

31 January 2018

BEST OF THE BEST PLC

Unaudited Consolidated Income Statement For the Period Ended 31 October 2017

	Notes	Six Months Ended 31/10/17 Unaudited £'000	Six Months Ended 31/10/16 Unaudited £'000	Year Ended 30/04/17 Audited £'000
Revenue	3	5,541	5,519	10,812
Cost of sales		<u>(1,838)</u>	<u>(1,874)</u>	<u>(3,864)</u>
GROSS PROFIT		3,703	3,645	6,948
Administrative expenses		<u>(2,758)</u>	<u>(2,722)</u>	<u>(5,436)</u>
OPERATING PROFIT		945	923	1,512
Finance income		<u>-</u>	<u>1</u>	<u>1</u>
PROFIT BEFORE TAX		945	924	1,513
Tax		<u>(169)</u>	<u>(165)</u>	<u>(118)</u>
PROFIT FOR THE PERIOD		<u><u>776</u></u>	<u><u>759</u></u>	<u><u>1,395</u></u>
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations		<u>(16)</u>	<u>-</u>	<u>25</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>760</u>	<u>759</u>	<u>1,420</u>
Profit attributable to: Owners of the parent		<u>776</u>	<u>759</u>	<u>1,395</u>
Total comprehensive income attributable to: Owners of the parent		<u>760</u>	<u>759</u>	<u>1,420</u>
Profit on earnings per share expressed in pence per share:				
	4			
Basic from continuing operations		7.67	7.50	13.78
Diluted from continuing operations		7.65	7.47	13.74

BEST OF THE BEST PLC**Unaudited Consolidated Statement of Financial Position
31 October 2017**

	Six Months Ended 31/10/17 Unaudited £'000	Six Months Ended 31/10/16 Unaudited £'000	Year Ended 30/04/17 Audited £'000
Notes			
ASSETS			
NON-CURRENT ASSETS			
Development costs	145	376	178
Property, plant and equipment	1,244	1,433	1,357
Investments	70	70	70
Deferred tax	21	53	37
	<u>1,480</u>	<u>1,932</u>	<u>1,642</u>
CURRENT ASSETS			
Trade and other receivables	265	191	245
Tax receivables	-	5	-
Cash and cash equivalents	2,045	2,277	2,106
	<u>2,310</u>	<u>2,473</u>	<u>2,351</u>
TOTAL ASSETS	<u><u>3,790</u></u>	<u><u>4,405</u></u>	<u><u>3,993</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	506	506	506
Share premium	179	179	179
Capital redemption reserve	198	198	198
Foreign exchange reserve	6	-	25
Retained earnings	938	1,338	962
TOTAL EQUITY	<u><u>1,827</u></u>	<u><u>2,221</u></u>	<u><u>1,870</u></u>
LIABILITIES			
CURRENT LIABILITES			
Trade and other payables	1,578	1,842	1,718
Tax payable	365	342	275
Provisions	20	-	130
TOTAL LIABILITIES	<u><u>1,963</u></u>	<u><u>2,184</u></u>	<u><u>2,123</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,790</u></u>	<u><u>4,405</u></u>	<u><u>3,993</u></u>

BEST OF THE BEST PLC

Unaudited Consolidated Statement of Changes in Equity For the Period Ended 31 October 2017

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2016	505	711	176
Issue of share capital	1	-	3
Dividends	-	(1,144)	-
Transactions with owners	1	(1,144)	3
Profit for the year	-	1,395	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
Total comprehensive income	-	1,395	-
Balance at 30 April 2017	506	962	179
Issue of share capital	-	-	-
Dividends	-	(800)	-
Transactions with owners	-	(800)	-
Profit for the period	-	776	-
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
Total comprehensive income	-	776	-
Balance at 31 October 2017	506	938	179
	Capital redemption reserve £'000	Foreign exchange reserves £'000	Total equity £'000
Balance at 1 May 2016	198	-	1,590
Issue of share capital	-	-	4
Dividends	-	-	(1,144)
Transactions with owners	-	-	(1,140)
Profit for the year	-	-	1,395
Other comprehensive income:			
Exchange differences on translating foreign operations	-	25	25
Total comprehensive income	-	25	1,420
Balance at 30 April 2017	198	25	1,870
Issue of share capital	-	-	-
Dividends	-	-	(800)
Transactions with owners	-	-	(800)
Profit for the period	-	-	776
Other comprehensive income:			
Exchange differences on translating foreign operations	-	(19)	(19)
Total comprehensive income	-	(19)	757
Balance at 31 October 2017	198	6	1,827

BEST OF THE BEST PLC

Unaudited Consolidated Statement of Changes in Equity For the Period Ended 31 October 2017

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 May 2016	505	711	176
Issue of share capital	1	-	3
Dividends	-	(132)	-
Transactions with owners	<u>1</u>	<u>(132)</u>	<u>3</u>
Profit for the period	-	759	-
Total comprehensive income	<u>-</u>	<u>759</u>	<u>-</u>
Balance at 31 October 2016	<u>506</u>	<u>1,338</u>	<u>179</u>

	Capital redemption reserve £'000	Total Equity £'000
Balance at 1 May 2016	198	1,590
Issue of share capital	-	4
Dividends	-	(132)
Transactions with owners	<u>-</u>	<u>(128)</u>
Profit for the period	-	759
Total comprehensive income	<u>-</u>	<u>759</u>
Balance at 31 October 2016	<u>198</u>	<u>2,221</u>

BEST OF THE BEST PLC

Unaudited Consolidated Cash Flow Statement For the Period Ended 31 October 2017

		Six Months Ended 31/10/17 Unaudited £'000	Six Months Ended 31/10/16 Unaudited £'000	Year Ended 30/04/17 Audited £'000
Cash flows from operating activities	Notes			
Cash generated from operations	6	749	1,384	2,178
Tax paid		<u>(63)</u>	<u>(47)</u>	<u>(46)</u>
Net cash from operating activities		686	1,337	2,132
Cash flows from investing activities				
Purchase of intangible fixed assets		(12)	(109)	-
Purchase of tangible fixed assets		(11)	(37)	(132)
Sale of tangible fixed assets		76	12	43
Interest received		<u>-</u>	<u>1</u>	<u>1</u>
Net cash from investing activities		53	(133)	(88)
Cash flows from financing activities				
Share issue		-	3	4
Equity dividends paid		<u>(800)</u>	<u>(132)</u>	<u>(1,144)</u>
Net cash from financing activities		(800)	(129)	(1,140)
(Decrease) / increase in cash and cash equivalents		(61)	1,075	904
Cash and cash equivalents at beginning of period		<u>2,106</u>	<u>1,202</u>	<u>1,202</u>
Cash and cash equivalents at end of period		<u><u>2,045</u></u>	<u><u>2,277</u></u>	<u><u>2,106</u></u>

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For the Year Ended 31 October 2017

1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2017. They have been prepared with regard to the requirements of International Financial Reporting Standards as adopted by the EU. They do not include all of the information required for full financial statements, and should be read in conjunction with the financial statements (under IFRS) of the Group for the year ended 30 April 2017.

The Group is listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange and has prepared the interim financial statements in accordance with AIM rule 18. The Group has elected not to adopt the full scope of IAS 34 ‘Interim Financial Reports’, which is a voluntary requirement.

The financial statements have been prepared under the historical cost convention. Principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2017.

2. STATEMENT OF FINANCIAL POSITION RECLASSIFICATION

The Group noted in its annual financial statements to 30 April 2017 that motor vehicles on display at retail sites were previously classified as inventory on the basis that customers had the opportunity to win these vehicles and they were therefore considered to form part of the inventory of competition prizes. Competitions have changed in recent years and given the increased choice, it has become much less common for the vehicles on display to actually be taken by customers as prizes. The Directors therefore concluded that such vehicles ought to be classified as display items and as a category of plant and equipment and this accounting treatment was used in the annual financial statements to 30 April 2017.

The net amount reclassified from inventories to plant and equipment at 31 October 2016 being £279,000.

3. SEGMENTAL REPORTING

The Directors consider that the primary reporting format is by business segment and that there is only one such segment being that of competition operators. This disclosure has already been provided in these financial statements.

4. EARNINGS PER SHARE

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

Diluted earnings per share is calculated using the weighted average number of shares outstanding during the year, adjusted to assume the exercise of all dilutive potential ordinary shares under the company’s share option plans.

	Six Months Ended 31/10/17 Unaudited	Six Months Ended 31/10/16 Unaudited	Year Ended 30/04/17 Audited
Profit and basic and diluted earnings attributable to the owners of the parent	£776,346	£758,893	£1,394,731
Weighted average number of ordinary shares	10,121,247	10,117,678	10,121,247
Basic earnings per share	7.67p	7.50p	13.78p
Adjusted weighted average number of ordinary shares	10,145,127	10,155,915	10,151,247
Diluted earnings per share	7.65p	7.47p	13.74p

5. DIVIDENDS

A final dividend, based on the results for the year ended 30 April 2017 of 1.4p per share was paid on 22 September 2017 (30 April 2016: 1.3p).

A Special Dividend of 7.5 pence per ordinary share will be paid on 23 February 2018 to shareholders on the register at the close of business on 9 February 2018. The Ex-dividend date is 8 February 2018.

6. CASH GENERATED FROM OPERATIONS

	Six Months Ended 31/10/17 Unaudited £'000	Six Months Ended 31/10/16 Unaudited £'000	Year Ended 30/04/17 Audited £'000
Profit before income tax	945	924	1,513
Depreciation and amortisation charges	123	92	317
Profit on disposal of fixed assets	(30)	(3)	-
Finance income	-	(1)	(1)
(Increase) in trade and other receivables	(20)	(22)	(76)
(Decrease) / increase in trade and other payables	(140)	394	270
(Decrease) / increase in provisions	(110)	-	130
Exchange differences	(19)	-	25
	<u>749</u>	<u>1,384</u>	<u>2,178</u>

7. RELATED PARTY DISCLOSURES

M W Hindmarch is considered to be a related party as he is a Non-Executive Director of the Company. During the six months ended 31 October 2017, payments were made to him totalling £6,000 (£6,000 for the six months ended 31 October 2016) in respect of consultancy services provided.

8. ULTIMATE CONTROLLING PARTY

The ultimate controlling party at the end of this interim period was W S Hindmarch, the Chief Executive Officer of the Company, who owns 50.4% of the issued share capital at the balance sheet date.

9. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in sections 434 of the Companies Act 2006. All information is unaudited apart from that included for the year ended 30 April 2017.

The statutory accounts for the financial year ended 30 April 2017 were prepared under IFRS as adopted by the EU. These accounts, upon which the auditor issued an unqualified opinion, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under 498(2) or (3), (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 2006, have been delivered to the Registrar of Companies.

This interim statement will be made available at the Company's registered office at 2 Plato Place, 72-74 St. Dionis Road, London SW6 4TU and will be available on the Company's website: www.botb.com.