

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

Preliminary results for the twelve months ended 30 April 2016

BOTB runs competitions to win cars both online and at retail locations

Key Highlights:

- Revenue up 12.6% to £10.10 million (2015: £8.97 million)
- Profit before tax increased by 10.9% to £1.06 million (2015: £0.96 million)
- Online revenue increased by 40.6% to £7.06 million (2015: £5.02 million) - representing 70.5% of total revenue
- Net assets of £1.59 million, underpinned by cash balances of £1.2 million (following 1.2p ordinary dividend paid in October 2015, and 19.5p special dividend paid in March 2016)
- Significant investment in digital marketing and commencement of TV advertising
- Company and operations rebranded from Best of the Best to BOTB
- Weekly car competition well received and continues to drive sales

William Hindmarch, Chief Executive, said:

“I am pleased to announce a solid set of preliminary results with increasing revenues and profits. The transformation from a retail business to a predominantly online operation has continued, with the majority of our revenues driven by digital channels, realised through our website, www.botb.com.

Our online customer acquisition spend has significantly increased during the year, with encouraging results. On the back of these successful trials, we will be further increasing our player acquisition and marketing investment this year.

Our weekly car competition continues to benefit from incremental changes and continues to be well received by our customers both online and at our airports and retail locations.

The business is well placed for future growth and we look forward to updating shareholders on further progress in due course.”

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Please visit www.botb.com for further information

Chief Executive's Statement

I am pleased to announce a solid set of preliminary results with increased revenues and profits. The transformation of the business from a historically retail focused business to a progressively online operation has continued, with the majority of revenues now being driven by digital channels, realised through our website, www.botb.com.

Our online customer acquisition spend has significantly increased, with encouraging results. On the back of these successful trials we will be further increasing our player acquisition and marketing investment this year.

Our weekly car competition continues to benefit from numerous incremental changes and continues to be well received by our customers both online and at our retail locations.

Results

Revenue for the twelve months ended 30 April 2016 increased by 12.6 per cent to £10.10 million (2015: £8.97 million) and profit before tax rose by 10.9 per cent to £1.06 million (2015: £0.96 million).

The Company generated £1.68 million of operating cash flow in the period. Net assets at 30 April 2016 stood at £1.59 million (2015: £2.56 million) and principally comprise cash of £1.2 million, our stock of cars on display which are held at a net realisable value of £0.32 million, and our 969 year leasehold office properties valued at £0.95 million.

As previously announced, a 1.2p ordinary dividend was paid to shareholders in October 2015 and a 19.5p special dividend amounting to £1.97 million was paid on 18 March 2016.

Following a recent VAT decision at the First-tier Tribunal concerning a company with similar activities in our sector, the Company has submitted a protective claim to recover overpaid VAT amounting to £2.20 million (exclusive of professional fees and expenses). At present this VAT litigation has not been concluded. It is therefore not certain that the Company will receive any repayment from HM Revenue & Customs. We will update shareholders as this matter progresses.

Dividend

The Board is recommending a final dividend of 1.3p per share (2015: 1.2p) for the full year ending 30 April 2016 subject to shareholder approval at the Annual General Meeting on 21 September 2016. The final dividend will be paid on 14 October 2016 to shareholders on the register on 23 September 2016.

Marketing Strategy, Business Development and New Player Acquisition

The Company has a multi-channel approach to acquiring new players. Channels are assessed and trialed through many different marketing initiatives. Their relative efficiency is calculated using the twelve-month Life Time Value (LTV) of a customer, against the Cost Per Acquisition (CPA). Whilst the airport and shopping centre sites, together with many of our more traditional online channels are accurately trackable, we are now committing increased levels of spend to less trackable brand marketing, such as TV and radio to enable us to reach a larger audience.

The airport and shopping centre sites continue to be a key channel to educate and introduce new players. These locations build strong brand awareness, as well as providing a significant opportunity for player acquisition. The Company is currently operating from seven airport sites at Gatwick North, Gatwick South, Birmingham, Manchester, Stansted, Edinburgh and Dublin; and one site at the Westfield shopping centre in London's Shepherd's Bush. These locations have traded steadily throughout the year and further pricing initiatives and staffing incentives have been undertaken to ensure we are recruiting and converting as many new players as possible from these sites.

Our Indian franchise, which is now trading under the BOTB brand from Hyderabad airport, continues to trade well with a further site in Delhi under negotiation. The royalty-based agreement allows them to leverage our systems and software, as well as our marketing and operating experience.

Our weekly competition continues to drive customer acquisition as well as encouraging repeat play from existing database customers. The weekly cycle also allows for the regular filming of the "winner surprises", which create compelling marketing content and have given us many PR opportunities which aid the conversion of new players when visiting both the website and physical locations.

Our current website at www.botb.com has been incrementally improved throughout the year. Running in parallel, we have undertaken a project to completely rebuild the website and associated databases, systems and IT infrastructure. I am pleased to report that this project is nearing completion with a new front end design and back end architecture due to be released in the third quarter of this year. This will have a fresh new look, will be fully mobile responsive and will enable higher performance from the servers and database. It has been designed with a renewed focus on tiered loyalty, retention and community, to reward and entertain our regular customers over the shortened competition lifecycle.

Social media marketing continues to be a powerful channel for the business, both in terms of customer service and credibility, but more importantly for player acquisition. Our Facebook page now has 160,000 (2015: 120,000) active followers, contributing to the circa 225,000 monthly unique visitors (2015: 165,000) to www.botb.com. Activity on all social channels is expected to be scaled up this year with increased marketing spend across the spectrum.

We look forward to continued growth in player acquisition, through our airport and shopping centre locations, through an increased focus on various digital channels and through further investments in TV and Radio.

Outlook

BOTB has increased revenues and profits, is cash generative and is supported by a robust balance sheet. In the current financial year, the Board will focus on executing an increased multi-channel digital marketing plan, whilst ensuring that this strategy provides an attractive return on investment.

I believe the business is well positioned for the remainder of the financial year, and I look forward to updating shareholders on further progress in due course.

William Hindmarch
Chief Executive
8 June 2016

BEST OF THE BEST PLC

Consolidated Income Statement For The Year Ended 30th April 2016

	Notes	2016 £'000	2015 £'000 (Restated)
CONTINUING OPERATIONS			
Revenue	3	10,105	8,972
Cost of sales		<u>(3,969)</u>	<u>(3,621)</u>
GROSS PROFIT		6,136	5,351
Administrative expenses		<u>(5,078)</u>	<u>(4,398)</u>
OPERATING PROFIT		1,058	953
Finance income		<u>2</u>	<u>2</u>
PROFIT BEFORE TAX		1,060	955
Tax	4	<u>(126)</u>	<u>(115)</u>
PROFIT FOR THE YEAR		<u>934</u>	<u>840</u>
Profit on earnings per share expressed in pence per share:	6		
Basic		9.75	9.23
Diluted		9.70	8.55

BEST OF THE BEST PLC**Consolidated Statement of Financial Position
30th April 2016**

	Notes	2016 £'000	2015 £'000 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		267	
Property, plant and equipment		1,181	1,053
Investments		70	70
Deferred tax		41	83
		<u>1,559</u>	<u>1,206</u>
CURRENT ASSETS			
Inventories		316	501
Trade and other receivables		169	685
Tax Receivables		4	8
Cash and cash equivalents		1,202	1,907
		<u>1,691</u>	<u>3,101</u>
TOTAL ASSETS		<u><u>3,250</u></u>	<u><u>4,307</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	7	506	455
Treasury shares	8	-	-
Share Premium	8	176	-
Capital redemption reserve	8	198	197
Share-based payment reserve	8	-	148
Retained earnings	8	711	1,763
		<u>1,591</u>	<u>2,563</u>
TOTAL EQUITY		<u><u>1,591</u></u>	<u><u>2,563</u></u>
LIABILITIES			
CURRENT LIABILITES			
Trade and other payables		1,448	1,594
Tax payable		211	150
		<u>1,659</u>	<u>1,744</u>
TOTAL LIABILITIES		<u><u>1,659</u></u>	<u><u>1,744</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,250</u></u>	<u><u>4,307</u></u>

BEST OF THE BEST PLC

**Consolidated Statement of Changes in Equity
For The Year Ended 30th April 2016**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000
Balance at 1 May 2014	455	721	1,783
Changes in equity			
Issue of share capital	-	-	(1,783)
Dividends	-	(1,419)	-
Total comprehensive income	-	2,461	-
Balance at 30 April 2015	455	1,763	-
Changes in equity			
Issue of share capital	51	-	176
Share Premium capital reduction	-	-	-
Treasury share cancellation	-	-	-
Dividends	-	(2,089)	-
Total comprehensive income	-	1,037	-
Balance at 30 April 2016	506	711	176

	Capital redemption reserve £'000	Other Reserves £'000	Treasury Shares £'000	Total equity £'000
Balance at 1st May 2014	197	148	(161)	3,142
Changes in equity				
Issue of share capital	-	-	-	(1,783)
Dividends	-	-	-	(1,419)
Total comprehensive income	-	-	161	2,623
Balance at 30th April 2015	197	148	-	2,563
Changes in equity				
Issue of share capital	-	-	-	227
Share Premium capital reduction	-	-	-	-
Treasury share cancellation	-	-	-	-
Dividends	-	-	-	(2,089)
Total comprehensive income	1	(148)	-	890
Balance at 30th April 2016	198	-	-	1,591

BEST OF THE BEST PLC**Consolidated Cash Flow Statement
For The Year Ended 30th April 2016**

		2016	2015
		£'000	£'000
			(Restated)
Cash flows from operating activities			
Cash generated from operations	1	1,675	1,323
Tax paid		<u>(19)</u>	<u>(78)</u>
Net cash from operating activities		1,656	1,245
Cash flows from investing activities			
Purchase of intangible fixed assets		(267)	
Purchase of tangible fixed assets		(196)	(95)
Purchase of fixed asset investments		-	(70)
Sale of tangible fixed assets		6	-
Interest received		<u>2</u>	<u>2</u>
Net cash from investing activities		(455)	(163)
Cash flows from financing activities			
Equity dividends paid		(2,089)	(1,419)
Share buyback		(45)	-
Share issue		<u>228</u>	<u>-</u>
Net cash from financing activities		(1,906)	(1,419)
Decrease in cash and cash equivalents		(705)	(337)
Cash and cash equivalents at beginning of year		<u>1,907</u>	<u>2,244</u>
Cash and cash equivalents at end of year		<u><u>1,202</u></u>	<u><u>1,907</u></u>

BEST OF THE BEST PLC

Notes to the Consolidated Cash Flow Statement For The Year Ended 30th April 2016

1. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2016 £'000	2015 £'000 (Restated)
Profit before tax	1,060	955
Depreciation charges	62	90
Effect of prior period adjustment	-	272
Finance income	(2)	(2)
	<u>1,120</u>	<u>1,315</u>
(Increase)/decrease in inventories	186	25
(Increase)/decrease in trade and other receivables	96	(379)
(Increase)/decrease in HMRC refund receivable	419	56
Increase/(decrease) in trade and other payables	(146)	306
	<u>1,675</u>	<u>1,323</u>
Cash generated from operations	<u><u>1,675</u></u>	<u><u>1,323</u></u>

BEST OF THE BEST PLC

Notes to the Preliminary Announcement For The Year Ended 30th April 2016

1. BASIS OF PREPARATION

The financial information has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRS's) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been recorded under the historical cost convention.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30th April 2016. The statutory accounts for 2016 will be delivered to the registrar of companies in due course.

2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. ACCOUNTING POLICIES

The preliminary financial information has been prepared using accounting policies set out in the Group's statutory accounts for the year ended 30th April 2016.

The Company has applied the requirements of IFRS 2 to share option schemes allowing certain employees within the Company to acquire shares of the Company. For all grants of share options, the fair value as at the date of grant, is calculated using the Black-Scholes options pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of share options that are likely to vest, except where forfeiture is only due to market based conditions not achieving the threshold for vesting. The expense is recognised over the expected life of the option.

Revenue represents the value of tickets sold in respect of competitions which have been completed at the accounting date. A competition is completed when the group closes entries.

4. TAX

Analysis of the tax charge

	2016 £'000	2015 £'000 <i>(Restated)</i>
Current tax:		
Tax	87	94
Overprovision in prior year	(3)	-
Deferred tax	42	21
Total tax charge in income statement	<u>126</u>	<u>115</u>

5. PRIOR PERIOD ADJUSTMENT

During December 2015, HMRC revised a decision in favour of the company allowing VAT to be reclaimed on significant purchases dating back to December 2010. The impact of this amendment has been a net refund of £419,116. This has been reflected as an adjustment of £419,116 to retained earnings as at 1st May 2015 and a corresponding receivable due within one year.

The year ended 30th April 2015 has been restated in the financial statements to ensure comparability is maintained.

A corporation tax liability of £92,390 has occurred as a result of this amendment which has been apportioned between the previously mentioned periods to match the corporation tax liability to the corresponding profit. The entire amount was refunded to the company in the year to 30 April 2016.

6. PROFIT ON 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 outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. For the share options a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Reconciliations are set out below.

	Earnings £'000	2016 Weighted average number of shares	Per-share amount pence
Profit on basic EPS			
Earnings attributable to ordinary shareholders	934	9,583	9.75
Effect of dilutive securities			
Options	-	44	-
	<u>934</u>	<u>9,627</u>	<u>9.70</u>
Diluted EPS			
Adjusted earnings	<u>934</u>	<u>9,627</u>	<u>9.70</u>
	Earnings £'000	2015 (Restated) Weighted Average Number Of Shares	Per-share amount pence
Profit on basic EPS			
Earnings attributable to ordinary shareholders	840	9,099	9.23
Effect of dilutive securities			
Options	-	728	-
	<u>840</u>	<u>9,827</u>	<u>8.55</u>
Diluted EPS			
Adjusted earnings	<u>840</u>	<u>9,827</u>	<u>8.55</u>

During the year 21,000 shares were returned to the company and cancelled. Once cancelled they were removed from the earnings per share calculation.

The total number of options and warrants granted at 30 April 2016 of 70,000 would generate £43,500 in cash if exercised. At 30 April 2016, 70,000 were priced above the mid-market closing price of 182.2p per share. However the earliest these options can be vested is August 2016.

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £'000	2015 £'000 (Restated)
10,114,580	Ordinary shares	5p	<u>506</u>	<u>455</u>

8. RESERVES

	Retained Earnings £'000	Share Premium £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1 May 2015	1,763	-	197	148	2,108
Profit for year	934	-	-	-	934
Dividends	(2,089)	-	-	-	(2,089)
Treasury shares	(45)	-	1	-	(44)
Option exercise	148	176	-	(148)	176
At 30 April 2016	<u>711</u>	<u>176</u>	<u>198</u>	<u>-</u>	<u>1,085</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 £'000	2015 £'000 (Restated)
Profit for the financial year	934	840
Dividends	(2,089)	(1,419)
	<u>(1,155)</u>	<u>(579)</u>
Options exercised	228	
Treasury shares repurchased	(45)	
Net reduction to shareholders' funds	(972)	(579)
Opening shareholders' funds	<u>2,563</u>	<u>3,142</u>
Closing shareholders' funds	<u>1,591</u>	<u>2,563</u>

10. The annual report and accounts will be posted to shareholders shortly and will be available for members of the public at the Company's registered office, 2 Plato Place, St Dionis Road, London, SW6 4TU and will be available on the Company's website: www.botb.com.

11. The Annual General Meeting will be held on 21st September 2016 at the offices of Best of the Best Plc, 2 Plato Place, 72-74 St Dionis Road, London SW6 4TU.