

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

Interim results for the six months ended 31 October 2015

Best of the Best plc runs competitions to win luxury prizes both online and at retail locations

Key Highlights

- Revenue up 30.0% to £4.98 million (2014: £3.83 million)
- Profit before tax increased by 10.9% to £0.48 million (2014: £0.43 million)
- Online revenues increased to £3.26 million (2014: £1.73 million) - representing 66.5% of total revenue
- Significant investment in digital marketing and commencement of TV advertising
- Net assets of £2.79 million, underpinned by cash balances of £2.19 million (2014: £2.43 million)
- Company rebranded from Best of the Best to BOTB
- Weekly car competitions continue to drive sales

William Hindmarch, Chief Executive, said:

“I am pleased to announce a solid set of interim results with increased revenues and profits. The business has traded well during the period and the growing emphasis of online sales has been encouraging.

During the period we have significantly grown our online marketing investment. We continue to test multiple marketing channels to recruit online players to help us to scale the business. It is our intention to further increase our marketing investment for the remainder of the financial year.

Our weekly car competition (previously twice a month) with a guaranteed winner, continues to be well received by existing customers as well as aiding the acquisition and conversion of new customers, both at airports and online.

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

Enquiries:

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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 interim results with increased revenues and profits. The business has traded well during the period and the growing emphasis of online sales has been encouraging.

During the period we have significantly grown our online marketing investment. We continue to test multiple marketing channels to recruit online players to help us to scale the business. It is our intention to further increase our marketing investment for the remainder of the financial year.

Results

Revenue for the six months ended 31 October 2015 increased by 30.0 per cent to £4.98 million (2014: £3.83 million) and profit before tax rose to £0.48 million (2014: £0.43 million). Our weekly car competitions (previously twice a month), continue to be well received by existing customers as well as aiding the acquisition and conversion of new customers, both at airports and online. During the period, we presented our winners with 26 cars compared to 12 in the comparable period, and whilst adding significantly to our costs, it reinforced our customers' enthusiasm for the weekly format.

The Company generated £0.53 million of operating cash flow. Net assets at 31 October 2015 stood at £2.79 million (2014: 3.33 million) and principally comprise cash of £2.19 million, our stock of cars on display which are held at a net realisable value of £0.40 million, and our 969 year leasehold office properties valued at £0.95 million.

At the period end cash balances stood at £2.19 million (2014: £2.43 million). As previously reported a 14.5 pence special dividend amounting to approximately £1.32 million, was paid to shareholders on 19 December 2014. Current cash balances stand at approximately £2.5 million.

We are pleased to report that an overpayment of VAT in prior years has meant that the company will shortly receive a credit from HMRC. The impact of this amendment has been a refund, net of fees and corporation tax of circa £0.34 million which has been adjusted through retained earnings as at 1st May 2015. In addition, the accounts for the prior interim period ending 31 October 2014 and the year ending 30 April 2015 have been restated to reflect the refund.

Furthermore, and as previously reported, following a 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 additional overpaid VAT. 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, but we will update shareholders as this matter progresses.

Dividend

A dividend in respect of the full year ended 30 April 2015 of 1.2 pence per share was paid to shareholders on 16 October 2015. The Board is not recommending the payment of an interim dividend (2014: nil); however, as in prior years, the Directors expect to propose a final dividend for the financial year ending 30 April 2016, subject to the Company's trading performance, and to maintain a progressive dividend policy.

New Player Acquisition

The Company has a multi channel approach to acquiring new players. One of the key channels for this is our airport and shopping centre locations. These locations build strong brand awareness as well as providing significant opportunities for player acquisition.

The Company is currently operating from 7 airport sites and 1 shopping centre site. Our airport locations are at Gatwick North, Gatwick South, Birmingham, Manchester Terminal 1, Edinburgh, Stansted, and Dublin's Terminal 2. We also operate from Westfield's Shepherd's Bush shopping centre. We have been trialing various approaches at these locations to maximize the customer acquisition opportunities that these high footfall locations present. We are pleased to report that as a result of these initiatives the number of new customers acquired at these locations has increased by circa 30%.

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

Online marketing is now the key customer acquisition channel for the business, and we have grown the team at head office to support this. We recruit new players through a multitude of different online channels and the resources and marketing spend dedicated to this has increased significantly compared to the prior period. The majority of these channels can be tracked very precisely, allowing us to calculate an accurate return on investment. For the first time, however, we have recently started to invest in less trackable advertising mediums such as TV and radio. Although harder to precisely calculate the return on investment these channels provide, they enable us to reach a much wider audience. Further testing is underway and we hope to increase investment in these channels going forward.

Social media marketing and validation continues to be a powerful channel for the business. Our Facebook page now has over 145,000 followers and we are building a real sense of community, with many customers - both new and existing, discussing the latest cars, results, winners, etc. Our website www.botb.com recorded an average of 225,000 unique visitors per month, and activity on all social channels is expected to be scaled up this year with increased marketing spend across the spectrum.

During the period, we decided to simplify the branding of the Company, moving from Best of the Best to the more streamlined BOTB, and introduced a new logo. Our website www.botb.com is also nearing the completion of a complete rebuild and redesign, to take advantage of the latest online and database technologies. This will improve the performance of the site for our customers as well as the back end functionality we use internally. It will also add important new functionality for our customers such as enhanced loyalty features, player leagues and other community and content facilities. The updated design will refresh the site for current users and make it more appealing to convert new customers. We expect this to be rolled out approximately mid-way through the calendar year.

We look forward to the continued growth in player acquisition, both through our airport and shopping centre locations, and through our increased focus on online channels and television.

Outlook

It has been an exciting 6 months as we transition to an increasingly online business, with some real success starting to show from online customer acquisition. We look forward to maintaining this momentum and building on the encouraging start to the financial year.

I look forward to updating shareholders on further progress in due course.

William Hindmarch
Chief Executive

12 January 2016

BEST OF THE BEST PLC

Unaudited Consolidated Income Statement For The Period Ended 31st October 2015

	Notes	Six Months Ended 31/10/15 Unaudited £'000	Six Months Ended 31/10/14 Unaudited (Restated) £'000	Year Ended 30/04/15 Audited (Restated) £'000
Revenue	1,2	4,976	3,834	8,973
Cost of sales		<u>(2,033)</u>	<u>(1,377)</u>	<u>(3,621)</u>
GROSS PROFIT		2,943	2,457	5,352
Administrative expenses		<u>(2,466)</u>	<u>(2,027)</u>	<u>(4,399)</u>
OPERATING PROFIT		477	430	953
Finance income		<u>1</u>	<u>1</u>	<u>2</u>
PROFIT BEFORE TAX		478	431	955
Tax	5	<u>(132)</u>	<u>(87)</u>	<u>(193)</u>
PROFIT FOR THE PERIOD		<u>346</u>	<u>344</u>	<u>762</u>
Profit on earnings per share expressed in pence per share:				
Basic from continuing operations	3	3.68	3.77	8.38
Diluted from continuing operations		3.53	3.49	7.76

BEST OF THE BEST PLC

Unaudited Consolidated Statement of Comprehensive Income For The Period Ended 31st October 2015

	Six Months Ended 31/10/15 Unaudited	Six Months Ended 31/10/14 Unaudited (Restated)	Year Ended 30/04/15 Audited (Restated)
Notes	£'000	£'000	£'000
PROFIT FOR THE FINANCIAL PERIOD	346	344	762
Share options exercised	118	-	-
Treasury share purchase	(14)	-	-
	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	450	344	762
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BEST OF THE BEST PLC

Unaudited Consolidated Statement of Financial Position
31st October 2015

	Notes	Six Months Ended 31/10/15 Unaudited £'000	Six Months Ended 31/10/14 Unaudited (Restated) £'000	Year Ended 30/04/15 Audited (Restated) £'000
ASSETS				
NON-CURRENT ASSETS				
Development costs		105	-	-
Property, plant and equipment		1,125	1,065	1,053
Investments		70	-	70
Deferred tax		42	90	83
		<u>1,342</u>	<u>1,155</u>	<u>1,206</u>
CURRENT ASSETS				
Inventories		398	483	501
Trade and other receivables		660	597	685
Tax Receivables		-	-	8
Cash and cash equivalents		2,192	2,426	1,907
		<u>3,250</u>	<u>3,506</u>	<u>3,101</u>
TOTAL ASSETS		<u>4,592</u>	<u>4,661</u>	<u>4,307</u>
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital		485	455	455
Treasury shares		(14)	-	-
Share Premium		118	1,783	-
Capital redemption reserve		197	197	197
Share-based payment reserve	1	148	148	148
Retained earnings		1,855	743	1,625
TOTAL EQUITY		<u>2,789</u>	<u>3,326</u>	<u>2,425</u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		1,500	1,112	1,593
Tax payable		303	223	289
TOTAL LIABILITIES		<u>1,803</u>	<u>1,335</u>	<u>1,882</u>
TOTAL EQUITY AND LIABILITIES		<u>4,592</u>	<u>4,661</u>	<u>4,307</u>

BEST OF THE BEST PLC

**Unaudited Consolidated Statement of Changes in Equity
For The Period Ended 31st October 2015**

	Called up share capital £'000	Profit and loss Account £'000	Share Premium £'000
Balance at 1 May 2014	455	660	1,783
Changes in equity			
Capital Reduction	-	-	(1,783)
Treasury shares	-	-	-
Dividends	-	(1,419)	-
Total comprehensive income	-	2,384	-
Balance at 30 April 2015	455	1,625	-
Changes in equity			
Share options exercised	30	-	118
Treasury shares	-	-	-
Dividends	-	(116)	-
Total comprehensive income	-	346	-
Balance at 31 October 2015	485	1,855	118

	Capital redemption reserve £'000	Other Reserves £'000	Treasury Shares £'000	Total Equity £'000
Balance at 1 May 2014	197	148	(161)	3,082
Changes in equity				
Capital Reduction	-	-	-	(1,783)
Dividends	-	-	-	(1,419)
Total comprehensive income	-	-	161	2,545
Balance at 30 April 2015	197	148	-	2,425
Changes in equity				
Share options exercised	-	-	-	148
Treasury shares	-	-	(14)	(14)
Dividends	-	-	-	(116)
Total comprehensive income	-	-	-	346
Balance at 31 October 2015	197	148	(14)	2,789

BEST OF THE BEST PLC**Unaudited Consolidated Cash Flow Statement
For The Period Ended 31st October 2015**

		Six Months Ended 31/10/15 Unaudited £'000	Six Months Ended 31/10/14 Unaudited (Restated) £'000	Year Ended 30/04/15 Audited (Restated) £'000
Cash flows from operating activities	Notes			
Cash generated from operations		525	367	1,323
Tax paid		<u>(69)</u>	<u>(38)</u>	<u>(78)</u>
Net cash from operating activities		456	329	1,245
Cash flows from investing activities				
Purchase of intangible fixed assets		(100)	-	-
Purchase of tangible fixed assets		(90)	(48)	(95)
Purchase of tangible fixed investments		-	-	(70)
Sale of tangible fixed assets		-	-	-
Interest received		<u>1</u>	<u>1</u>	<u>2</u>
Net cash from investing activities		(189)	(47)	(163)
Cash flows from financing activities				
Share issue		30	-	-
Share options exercised		118	-	-
Equity dividends paid		(116)	(100)	(1,419)
Treasury shares purchase		<u>(14)</u>	<u>-</u>	<u>-</u>
Net cash from financing activities		18	(100)	(1,419)
Increase/(decrease) in cash and cash equivalents		285	182	(337)
Cash and cash equivalents at beginning of period		<u>1,907</u>	<u>2,244</u>	<u>2,244</u>
Cash and cash equivalents at end of period		<u><u>2,192</u></u>	<u><u>2,426</u></u>	<u><u>1,907</u></u>

BEST OF THE BEST PLC

Notes to the Interim Financial Statements For The Year Ended 31st October 2015

1. BASIS OF PREPARATION

These condensed interim financial statements are for the six months ended 31 October 2015. 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 2015.

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 2015.

Significant accounting policies include;

Revenue recognition

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.

Share based payment

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.

2. 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.

IFRS8 “Operating Segments”, which came into effect not later than accounting periods beginning on 1 January 2009, requires identification and reporting of operating segments on the basis of internal reports that are regularly reviewed by the Board in order to allocate resources to the segment and assess its performance. The Company assessed the impact of IFRS8 and concluded that it would not impact the segments identified in this interim report.

3. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the relevant financial period attributable to ordinary equity holders of the entity by the weighted average number of ordinary shares in issue during the relevant financial periods. The weighted average number of equity shares in issue is 9,398,052 (31 October 2014: 9,099,052; 30 April 2015: 9,099,052). The earnings, being the profit after tax, are £346,113 (31 October 2014: £343,242; 30 April 2015: £762,773).

Diluted earnings per share is calculated by adjusting earnings and weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. The effect of dilutive securities for the period is to increase the weighted average number of shares by 415,321 shares (31 October 2014: 708,169; 30 April 2015: 727,677).

4. **DIVIDENDS**

A final dividend, based on the results for the year ended 30 April 2015 of 1.2p per share was paid on 15 October 2015 (30 April 2014; 1.1p).

5. **TAXATION**

The current year income tax liability for the six months ended 31 October 2015 is estimated at £131,664 (period ended 31 October 2014; £87,022).

6. **PRIOR PERIOD ADJUSTMENT**

During December 2015, HMRC made a decision in favour of the company affecting the VAT treatment of prizes awarded since December 2010. The impact of this amendment has been a refund, net of fees and corporation tax of £336,000 which has been adjusted through retained earnings as at 1st May 2014.

7. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party at the end of this interim period was Mr W. Hindmarch, the Chief Executive Officer of the company, who owns 51.8% of the issued share capital at the balance sheet date.

8. **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 2015.

The statutory accounts for the financial year ended 30 April 2015 were prepared under IFRS as adopted by the EU. These accounts, upon which the auditors issued an unqualified opinion did not include references to any matters to which the auditors 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.
