

25 July 2019

Scholium Group plc ('Scholium' or the 'Group')

Preliminary Results for the year ended 31 March 2019

This announcement contains inside information for the purposes of Article 7 of regulation 596/2014

Scholium is engaged in the business of rare books, art and collectibles. Its primary operating subsidiary is Shapero Rare Books which is one of the leading UK dealers trading internationally in rare and antiquarian books and works on paper. The Group also trades alongside other third party dealers in the broader arts and collectibles business via its subsidiary, Scholium Trading Limited and deals in and sells by auction stamps and philatelic items through its subsidiary Mayfair Philatelics Limited. The Board of Scholium is pleased to announce its final results and annual accounts for the year ended 31 March 2019.

Operating Highlights

- Revenues up 8% to £7.1 million for full financial year
- The Group made further progress during the second half of the financial year in developing its three separate revenue streams, Shapero Rare Books, Scholium Trading and Mayfair Philatelics
- Group profitable for second half of financial year
- Scholium Trading produced good profits with further potential ahead
- Small Group loss for full year after absorbing first half start-up costs of new philatelic division
- Satisfactory trading in the first quarter of the new financial year

Financial Highlights

Years ended 31 March (£'000)	2019	2018 restated
Revenue	7,137	6,619
Gross Profit	2,791	2,450
Gross Margin	39%	37%
(Loss)/ profit before tax	(13)	1
Cash	192	216
NAV/Share	72.9p	73.0p

A copy of the 2019 Annual Report (including the notice of Annual General Meeting ("AGM")) will be sent to shareholders in due course. The Annual Report will also be available on the Company's website in due course. <http://scholiumgroup.com>

The Company's AGM will be held at 10.30am at 32 St George Street, London W1S 2EA on 25 September 2019.

Jasper Allen, Chairman of Scholium, noted "We are pleased to have increased revenues in a difficult retail environment. While the small loss for the year was disappointing, the continued progress in developing our three revenue streams has been encouraging. The Group continues to look for acquisitions and is focused on opportunities to improve shareholder value."

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Chairman's Statement

The Group increased revenues by 8% to £7.1m as a result of the Group continuing with its strategy of becoming a more widely based collectibles business. The Group continued to make further progress in developing its three separate revenue streams – Shapero Rare Books, Scholium Trading and Mayfair Philatelics.

The Group had a profitable second half of the financial year, however this was not enough to offset the first half losses, which arose mainly due to the losses of £104,000 in the start-up Mayfair Philatelics. The retail industry remains under pressure.

The core business, Shapero Rare Books, had a disappointing year with lower profits than last year, in line with many retail businesses in the United Kingdom. Scholium Trading performed well in the year and delivered a higher profit than the prior year, which was particularly pleasing given its relatively modest stock. Mayfair Philatelics had a successful second half achieving a profit with three auctions held, compared to one in the first half year.

While the loss for the full year is disappointing, the progress made by Mayfair Philatelics is encouraging, and in Scholium Trading new dealers have been identified with whom to partner and early results have been promising. Shapero Rare Books continues to be one of the world's leading rare book dealers and has made an encouraging start to the new financial year.

The board has reviewed several acquisition opportunities in each of its three revenue streams during the course of the year but concluded that none were sufficiently profitable on a sustainable basis to pursue. The board is continuing to search for further acquisitions.

The Group remains well capitalised with £8.7 million of stock, £0.2 million in cash and no debt. The Group also has an undrawn overdraft facility available to it. The board recognizes that the Group's trading performance in recent years has not provided the intended returns to shareholders, despite a reduction in the overheads implemented two years ago. Accordingly the board have commenced a further review of the Group's cost base, in order to achieve further savings in the overall costs of operations.

Results

Group revenue for the year of £7.1 million (2018: £6.6 million) generated a loss before tax of £13,000 (2018: restated profit of £1,000). The adoption of IFRS 15 reduced the prior year profit from £38,000 to £1,000 as a result of the deferral of sales into the current year previously recognised in the prior year accounts due to the different revenue recognition policies required.

Staff

The Group's operations continue to rely on the hard work and dedication of our employees and I would like to take this opportunity of thanking them again for their contribution and effort during the year.

Current Trading and Prospects

The Group has made a satisfactory start to the new financial year. The board remains committed to delivering improved shareholder value going forward.

Strategic Report

This report provides an overview of the Group's strategy and business model; gives a review of the performance of the operating entities and of the financial position at 31 March 2019; and sets out the principal risks to which the Group is exposed. In addition, it comments briefly on the future prospects of the business.

Principal Activities & Review of the Business

The Group is engaged in the business of dealing in rare books, fine art and collectibles. The majority of the business transacted is as a dealer — buying, owning and selling items, either on its own or together with third parties who also deal as principals. The Group also conducts auctions where both its own stock and third party consignments are available for sale. The Group maintains value from ownership of its stock and generates value through its expertise, astute buying and the profitable sale of stock.

Shapero Rare Books is the main business of the Group. It is a leading international dealer in rare and collectible books and works on paper with special expertise in Natural History, Illustrated, Travel and Exploration and Literature. The business also trades as Shapero Modern in modern and contemporary prints and limited editions by established artists.

Scholium Trading focuses on trading works of art in the wider art market using its own capital and the expertise of a small number of known third party dealers and their client bases.

Mayfair Philatelics is a dealer and auctioneer of stamps with a particular focus on British and Commonwealth stamps. Regular auctions are held in London and at Lingfield, Sussex, where both the company's own stock and third party consignments are sold.

Strategy & Key Objectives

The Group's strategy is to:

- build, either organically or by acquisition, a portfolio of collectibles businesses to enable further diversification of its revenue and profit streams;
- attract individuals or teams of specialists in markets complementary to the Group's existing businesses;
- optimize working capital in existing businesses to provide funds for new business development; and
- continue to develop all its entities by trading alongside other dealers in high value rare and collectible items and by participating in the acquisition for onward sale of large consignments.

The Directors intend, in due course, to provide an attractive level of dividends to shareholders along with stable asset-backed growth driven by the markets in which the Group operates.

Review of the year from continuing operations

The Group's revenues increased to £7.1m from £6.6m in the prior year due to increased sales in both Scholium Trading and Mayfair Philatelics. The Group performed better in the second half of the financial year, but not sufficiently well to eliminate the £56k loss from the first half year. The Group's result for the year to 31 March 2019 was therefore a loss of £13k. Revenue increased by 8% and gross profit increased by 14% compared with the prior year ended 31 March 2018, due mainly to a fuller auction programme in the new philatelic division.

There was a corresponding increase in costs in Mayfair Philatelics in both the direct costs of the auctions and overhead expenses. Central costs, including the costs of the Company's listing on AIM, were lower than the prior year.

Group performance for the 12 months ended 31 March 2019 by half year			
6 months ended (£'000)	H1 (unaudited)	H2	Variance
Revenue	3,297	3,840	16%
Gross Profit	1,176	1,615	37%
(Loss)/profit before tax	(56)	43	n/a

The increase in revenue reflects the increased auction programme in Mayfair Philatelics and higher sales in Scholium Trading.

The Group's stock at 31 March 2019 was £8,657k compared with the prior year of £8,841k. Shapero Rare Books had increased stock levels in anticipation of a successful first quarter's trading in June and July 2019. Scholium Trading's stock reduced by comparison with the prior year due primarily to higher sales in the last quarter of the year to 31 March 2019. The fuller auction programme of Mayfair Philatelics and the consequent increase in sales also reduced the stock compared with the prior year.

Group cash at 31 March 2019 was £192k, broadly similar to the £216k cash in the prior year. The Group's overdraft was utilised during the year in order to manage its working capital requirements.

Key Performance Indicators

The Group is managed by and reports on a number of key performance indicators (KPIs).

The current principal KPIs are:

- Sales, gross profit and gross margin, profit before tax;
- the breadth and distribution of the stock of rare books held by the Group;
- stock turnover; and
- cash flow.

Key Performance Indicators (2018 has been restated due to the adoption of IFRS 15)

Years ended 31 March (£'000)	2019	2018	Variance
Revenue	7,137	6,619	+7.8%
Gross Profit	2,791	2,450	+13.9%
Gross Margin	39%	37%	-
Stock Turnover (months)	24.2	22.8	+6.1%
Cash at bank	192	216	-11.0%

Group Performance

The financial information below excludes the application of intragroup management charges.

Shapero Rare Books

Shapero Rare Books (SRB) continued trading profitably during the year ended 31 March 2019. The year's sales were £5,642k, slightly below the prior year's sales of £5,756k and gross profit likewise at £2,214k for the year ended 31 March 2019 compared with the prior year of £2,237k.

Direct costs including the attendance at fairs, exhibitions, and catalogues increased from £487k in the prior year to £500k in the year to 31 March 2019. This reflected the costs of exhibiting at fairs as a result of re-joining the Antiquarian Booksellers Association in the prior year. Overhead costs increased from £1,523k in the prior year to £1,562k in the year to 31 March 2019 due to higher staffing costs. Interest paid was £12k (2018: £0).

SRB therefore recorded a profit before tax of £140k compared with the profit of £191k in the prior year. The adoption of IFRS 15 reduced the prior year profit by £37k.

Scholium Trading

Scholium Trading performed well in the year ended 31 March 2019 with a contribution to gross profit of £192k compared to £162k for the prior year. In addition, the current stock includes some items with potentially high levels of return.

Mayfair Philatelics

The year to 31 March 2019 included the establishment of a full auction programme for Mayfair Philatelics, There were three auctions in the second half compared to one in the first half. The first half loss of £104k was turned round in the second half, during which a £46k profit was made, resulting in an overall loss for the year of £58k.

Central Costs

Central costs include the cost of all board members as well as those costs associated with the Group's AIM listing. The central costs were £276k in the year to 31 March 2019, a further reduction of £27k from the prior year's total of £303k. These costs include the cost of managing the Group, its audit, tax and professional fees, as well as the costs of maintaining the AIM listing for the Company's shares.

Year ended 31 March 2019 (£'000)

	Shapero Rare Books	Scholium Trading	Mayfair	Central	Consolidated
Revenue	5,642	395	1,100	-	7,137
Gross Profit	2,214	192	386	-	2,791
Gross Margin	39%	49%	35%	0%	39%
Profit/(Loss) before tax	140	181	(58)	(276)	(13)

Year ended 31 March 2018 (£'000) Restated

	Shapero Rare Books	Scholium Trading	Mayfair	Central	Consolidated
Revenue	5,660	635	324	-	6,619
Gross Profit	2,200	162	88	-	2,450
Gross Margin	39%	26%	27%	0%	37%
Profit/(Loss) before tax	191	159	(46)	(303)	1

Dividend

The Board does not propose to declare a final dividend for the financial year ended 31 March 2019.

Principal Risks & Uncertainties

Supply of rare books, works on paper, prints and stamps and other items

By definition, rare books and other works on paper, prints and stamps are not commonly available. The availability of fresh stock of such items onto the market is often driven by major life events, such as inheritance, unrecovered debt, divorce or downsizing due to economic malaise. The business of Shapero Rare Books, Scholium Trading and Mayfair Philatelics is reliant upon individual works and collections of works coming onto the market and upon the Group being able to access those business opportunities. There is no guarantee that fresh stock will come onto the market in sufficient quantities to meet the Group's plans for continued growth, or that third parties will choose to consign their items for sale at the Group's auctions.

When works become available for sale or purchase, such sales are often dealt with privately and discretely and, accordingly, there is no guarantee that the Group's employees will be able to access such business opportunities or to negotiate successfully the purchase of fresh stock coming onto the market or successfully compete for the mandate to auction such items.

Reliance on key international trade fairs

A significant proportion of the Group's sales are made at international trade fairs, and in particular the major fairs. If these fairs were to be discontinued it would have a material effect on the ability of the Group to sell its stock. There are a limited number of stands at international trade fairs and as a result places are highly sought after. Whilst members of the Group have been exhibiting at these fairs for many years, there can be no certainty that they will continue to secure places in the future.

Competition

The market in the books and other items in which the Group trades is competitive. In the market for rare books and other items in which Shapero Rare Books trades, the Group faces various competitive pressures including from the major auctioneers, Sotheby's, Christie's, Bonhams and Stanley Gibbons and Spink as well as smaller auctioneers and a large number of dealers and smaller operators.

The Group is likely to face continued and/or increased competition in the future both from established competitors and/or from new entrants to the market. The Group's competitors include businesses with greater financial and other resources than the Group. Such competitors may be in a better position than the Group to compete for future business opportunities. If the Group is unable to compete effectively in any of the markets in which it operates, it could lead to material adverse effect on the Group's business, financial condition, and operations.

Co-owned rare and collectible goods

In the case of high value items or collections, the Group will often acquire the items jointly with another third party bookseller or dealer and if not expressly provided for there is a risk that the Group will not be able to sell the entire asset without the agreement of all joint-owners. In this and other respects the Group relies on the honesty and integrity of other dealers. Whilst the Group takes care to deal only with established counterparties and experienced dealers who are well known to senior management and/or the Directors, there can be no guarantee that co-owners will comply with the agreed terms (including, for example not changing the items) or that such co-owners will not enter into administration or other insolvency procedure, and in the event there is a loss of the co-owned goods it is not certain that the Group could claim under its insurance policy in relation thereto.

Stock valuation and liquidity

The Group will trade in rare and collectible items, which may be highly illiquid. The value of goods acquired is difficult to assess and it may not be possible for the Group to sell the assets at or above the price for which they were acquired. The value of assets in the balance sheet may not always represent the actual resale value achievable.

Theft, loss or damage

Rare and collectible items are highly mobile goods. Furthermore, such goods are frequently transported internationally for trade shows or other marketing opportunities. Whilst precautions are taken to ensure safe passage, the Group's assets may be lost, damaged or stolen. While the Group carries specialist insurance, there is no guarantee that the Group's insurance cover will be adequate in all circumstances. Assets of the Group will be placed with third parties for sale on commission. While the Group intends to take appropriate precautions when placing assets with third parties, there is a risk that these assets outside of the Group's direct control may be stolen or replaced by unscrupulous third parties with fakes or forgeries.

Authenticity and export authority

The Directors of the Group will ensure that due diligence is undertaken on the authenticity of the assets acquired for sale. Nonetheless fakes and forgeries do exist in the market and despite due diligence the Group may acquire these believing them to be authentic. Further, the attribution of works to a writer or artist is not always an exact science, and there can be no guarantee that assets of the Group will not have been mistakenly attributed in this way. Lack of authenticity is not covered by the Group's insurance. Whilst the Group takes appropriate care when acquiring works which may be of material importance in the state of origin, there can be no guarantee that works acquired by the Group are not subject to restrictions on export or sale.

Insurance

The Group carries a specialist insurance policy under the Antiquarian Booksellers Association Insurance Scheme which covers each of the businesses. The Directors believe that the Group carries appropriate insurance for a business of its size and nature but there can be no guarantee that the extent or value of the cover will be sufficient, in relation to stock in transit or on consignment. The Directors review the Group's insurance arrangements on an annual basis and endeavour to insure its stock adequately, but there is no certainty that future claims will not fall within the exclusions under the policy or that the insurer will pay out any claim if made. Further, there can be no guarantee that the necessary insurance will be available to the Group in the future at an acceptable cost or at all.

Premises

Like many of the established dealers in the market, the Group has a publicly accessible gallery in Mayfair, London from where Shapero Rare Books and Mayfair Philatelics operate. Although there is a risk that the increasing demand for online retail will render 'high street' premises uneconomic, the Directors believe that a central London location is an important factor in the success of the business as a whole.

Terms of sale

To date, the contractual arrangements which the Group has entered into with clients, customers and other dealers have not always included (amongst other things) terms dealing specifically with

1. transfer of ownership and risk,
2. contract formation,
3. price and payment,

4. limitations and exclusions of liability, and
5. governing law and jurisdiction.

In light of the foregoing, there can be no guarantee that the Group's arrangements with its customers will not be terminated on short notice or that the Group will not at some future time face challenges or disputes in relation to the contractual or other arrangements with its clients.

If the Group became involved in a contractual dispute and/or a third party was successful in any contractual dispute with the Group, any resultant loss of revenues or exposure to litigation costs or other claims could have a material adverse effect on the Group's reputation, business, financial condition and/or operations or financial results. The Group has revised its standard terms of sale to seek to ensure that, henceforth, the arrangements with clients, customers, dealers and others will include terms dealing with each of the aforementioned areas.

Employees

The Group is reliant on a small group of key employees for their knowledge and the reliance customers place on their integrity and service. In the event that a key employee were to leave, the business may suffer a short term decrease in performance whilst it adjusts to the level of resources available to it.

Currency risk

The Directors anticipate that the Group will conduct certain of its transactions other than in Pounds Sterling, the Group's functional currency. As a result, movements in foreign exchange rates may impact the Group's performance. The Group does not enter into any contracts for any hedging arrangements in respect of currency positions.

Future prospects

The Group now comprises three separate independent revenue streams.

The core business of Shapero Rare Books is one of the leading rare book dealers, with a solid international customer base. Further attention will be required in order to improve its return on capital employed, particularly stock turnover. The board has implemented several initiatives to manage this.

Scholium Trading has an established position with several other dealers, and In addition, the current stock includes some items with potentially high levels of return. The board intends to increase the capital available to this business, as the returns over the last 24 months have been good.

Mayfair Philatelics now has a full year's auction programme in place, and will require only modest further resources and premises in due course to maximise the potential from these sales. This will need to be managed to ensure the profitability of the business is not adversely impacted.

The board has already announced its plans to review the opportunity for making further cost savings, with a view to improving the group's profitability and thereby creating improved shareholder value.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 Mar 2019	Year ended 31 Mar 2018 Restated
	Note	£000	£000
Revenue	3	7,137	6,619
Cost of Sales		(4,346)	(4,169)
Gross profit		<u>2,791</u>	<u>2,450</u>
Distribution expenses		(664)	(512)
Administrative expenses		(2,128)	(1,937)
Total administrative expenses		<u>(2,128)</u>	<u>(1,937)</u>
(Loss)/ profit from operations		(1)	1
Financial (expense)/ income		(12)	-
(Loss)/ profit before taxation		<u>(13)</u>	<u>1</u>
Income tax credit/(expense)	7	-	-
(Loss)/ profit for the year from continuing operations and total comprehensive income attributable to equity holders of the parent company		<u>(13)</u>	<u>1</u>
Basic and diluted(loss)/ profit per share:			
From continuing operations - pence	8	(0.11)	0.00
Total diluted (loss)/ profit per share - pence		<u>(0.11)</u>	<u>0.00</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 Mar 2019	31 Mar 2018 Restated
	Note	£000	£000
Assets			
Non-current assets			
Property, plant and equipment		55	74
Intangible assets	9	16	-
Deferred corporation tax asset	11	277	277
		<u>348</u>	<u>351</u>
Current assets			
Inventories	12	8,657	8,841
Trade and other receivables	13	2,519	2,231
Cash and cash equivalents		192	216
		<u>11,368</u>	<u>11,288</u>
Total assets		<u>11,716</u>	<u>11,639</u>
Current liabilities			
Trade and other payables		1,805	1,715
Loans and borrowings		-	-
Current corporation tax liabilities		-	-
Total current liabilities		<u>1,805</u>	<u>1,715</u>
Total liabilities		<u>1,805</u>	<u>1,715</u>
Net assets/liabilities		<u>9,911</u>	<u>9,924</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	14	136	136
Share Premium		9,516	9,516
Merger reserve		82	82
Retained earnings		177	190
Total equity		<u>9,911</u>	<u>9,924</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 Apr 2016	136	9,516	82	413	10,147
(Loss) for the year from continued and discontinued operations	-	-	-	(224)	(224)
Total comprehensive income for the period	-	-	-	(224)	(224)
Balance at 31 Mar 2017	136	9,516	82	189	9,923
Profit for the year from continued and discontinued operations	-	-	-	38	38
Total comprehensive income for the period	-	-	-	38	38
Balance at 31 March 2018	136	9,516	82	227	9,961
(Loss) resulting from adoption of IFRS 15 (see note 2: accounting policies)	-	-	-	(37)	(37)
Balance at 31 March 2018 restated	136	9,516	82	190	9,924
(Loss) for the year from continued and discontinued operations	-	-	-	(13)	(13)
Total comprehensive income for the period	-	-	-	(13)	(13)
Balance at 31 March 2019	136	9,516	82	177	9,911

There were no transactions with owners in the year.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value less attributable share issue expenses.
Merger reserve	Amounts attributable to equity in respect of merged subsidiary undertakings.
Retained	Cumulative profit/(loss) of the Group attributable to equity shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Mar 2019 £000	31 Mar 2018 Restated £000
Cash flows from operating activities		
Profit/(loss) before tax	(1)	1
Depreciation of property, plant and equipment	31	27
Amortisation of intangible assets	4	-
	<u>34</u>	<u>28</u>
Decrease/(increase) in inventories	184	(968)
Decrease/(increase) in trade and other receivables	(288)	(151)
Increase/(decrease) in trade and other payables	90	383
Net cash generated from operating activities	<u>20</u>	<u>(708)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12)	(46)
Purchase of intangible assets	(20)	-
Net cash used in investing activities	<u>(32)</u>	<u>(46)</u>
Cash flows from financing activities		
Net cash (used)/generated from financing activities	<u>(12)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(24)	(754)
Cash and cash equivalents at the beginning of the year	216	970
Cash and cash equivalents at the end of the year	<u>192</u>	<u>216</u>

COMPANY STATEMENT OF FINANCIAL POSITION

		31 Mar 2019 £000	31 Mar 2018 £000
Assets			
Non-current assets			
Group Investments	10	5,200	5,200
Deferred tax asset		108	108
		<u>5,308</u>	<u>5,308</u>
Current assets			
Trade and other receivables	13	7,562	6,802
Cash and cash equivalents		9	-
		<u>7,571</u>	<u>6,802</u>
Total assets		<u>12,879</u>	<u>12,110</u>
Current liabilities			
Borrowings		-	23
Trade and other payables		50	95
Current corporation tax liabilities		-	-
Total current liabilities		<u>50</u>	<u>118</u>
Total liabilities		<u>50</u>	<u>118</u>
Net assets/liabilities		<u>12,829</u>	<u>11,992</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	14	136	136
Share Premium		9,516	9,516
Merger reserve		2,809	2,809
Retained earnings/(deficit)		368	(469)
Total equity		<u>12,829</u>	<u>12,160</u>

STATEMENT OF CHANGES IN COMPANY EQUITY

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 Apr 2016	136	9,516	2,809	(117)	12,344
(Loss) for the year	-	-	-	(184)	(184)
Total comprehensive income for the period	-	-	-	(184)	(184)
Balance at 31 March 2017	136	9,516	2,809	(301)	12,160
(Loss) for the year	-	-	-	(168)	(168)
Total comprehensive income for the period	-	-	-	(168)	(168)
Balance at 31 March 2018	136	9,516	2,809	(469)	11,992
Profit for the year	-	-	-	837	837
Total comprehensive income for the period	-	-	-	837	837
Balance at 31 March 2019	136	9,516	2,809	368	12,829

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share	Amount subscribed for share capital in excess of nominal value less attributable issue expenses.
Merger	Amounts attributable to equity in respect of merged subsidiary undertakings.
Retained	Cumulative profit/(loss) of the Group attributable to equity shareholders.

COMPANY CASHFLOW

	31 Mar 2019 £000	31 Mar 2018 £000
Cash flows from operating activities		
(Loss)/profit before tax	(204)	(214)
	<u>(204)</u>	<u>(214)</u>
(Increase) in trade and other receivables	(760)	(278)
(Decrease)/increase in trade and other payables	(45)	17
Net cash generated from operating activities	<u>(1,009)</u>	<u>(475)</u>
Cash flows from investing activities		
Dividends receivable from subsidiary undertakings	1,041	-
Net cash generated from investing activities	<u>1,041</u>	<u>-</u>
Cash flows from financing activities		
Net cash (used)/generated from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	32	(475)
Cash and cash equivalents at the beginning of the year	(23)	452
Cash and cash equivalents at the end of the year	<u>9</u>	<u>(23)</u>

Notes to the Consolidated Financial Statements

1 General information

Scholium Group plc and its subsidiaries (together 'the Group') are engaged in the trading and retailing of rare books, works on paper and stamps primarily in the United Kingdom. The Company is a public company domiciled and incorporated in England and Wales (registered number 08833975). The address of its registered office is 32 St George Street, London W1S 2EA.

2 Basis of preparation and accounting policies

The consolidated financial information, which represents the results of the Company and its subsidiaries, has been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union (EU) and as applied in accordance with the provisions of the Companies Act 2006. The Company financial statements have also been prepared in accordance with IFRSs.

The consolidated and Company financial statements have been prepared on an historical cost basis.

3 Revenue

	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
Sales of Stock	6,736	6,455
Commissions	370	156
Other income	31	8
	<hr/> 7,137	<hr/> 6,619

All revenues are derived from a single operating segment, collectibles.

4 (Loss)/ profit Before Taxation (Loss)/profit before taxation is after charging/(crediting):	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
Depreciation of property, plant and equipment	31	26
Amortisation of intangible assets	4	-
Operating lease rentals	321	320
Foreign currency losses	8	8
Employee costs (note 5)	1,000	888
Fees payable to the Company's auditors	38	37

5 Employee costs including Directors	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
Wages	890	776
Social security costs	67	76
Pension costs	31	26
Other employee benefits	12	10
	<hr/> 1,000	<hr/> 888

All employee costs are included in administrative expenses.

Defined contribution pension schemes.

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total cost charged to income of £31k (2018: £26k) represents contributions payable to those schemes by the Group at rates specified in the rules of the plans. As at 31 March 2019, contributions due in respect of the current reporting period of £3k (2018: £2k) had not been paid over to the schemes and are included within payables.

6 Directors' remuneration

	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
Salaries and fees	177	182
Social security costs	8	8
Pension costs	1	1
Other employee benefits	5	4
	<hr/> 191	<hr/> 195
Information regarding the highest paid Director which comprises salary and benefits as follows	<hr/> 70	<hr/> 60

Simon Southwood, who resigned on 1 August 2017, received £nil compensation for loss of office in the year to 31 March 2019 (2018 - £11,000).

7 Income tax

	31	31
	Mar	Mar
	2019	2018
	£000	£000
<i>Current tax (credit)/expense</i>		
Current tax	-	-
Deferred tax	-	-
Impact of change in UK Corporation tax rate	-	-
Origination and reversal of temporary differences	-	-
Total tax expense	<hr/> -	<hr/> -

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

31	31
Mar	Mar

	2019	2018
	£000	£000
(Loss)/ profit before tax	(13)	1
Applied corporation tax rates:	19%	19%
Tax at the UK corporation tax rate of 19% (2018: 20%):	(2)	-
Expenses not deductible for tax purposes	-	-
Utilisation of previously unrecognised tax losses	-	15
Origination and reversal of temporary differences	2	(15)
Current tax charge	-	-

8 (Loss)/ profit per share

	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
(Loss)/ profit used in calculating basic and diluted earnings per share attributable to the owners of the parent	(13)	1

Number of shares

Weighted average number of shares for the purpose of basic and diluted earnings per share	13.6m	13.6m
Basic (loss)/ earnings per share from continuing operations (pence per share)	(0.11)	0.00
Total basic and diluted (loss)/ earnings per share - pence	(0.11)	0.00

All shares shown above are authorised, issued and fully paid up. Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

9 Intangible Assets

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Balance at the beginning of the year	-	-
Additions at cost	20	-
Amortisation	(4)	-
	<hr/>	<hr/>
Balance at the end of the year	16	-

The intangible assets comprise a mailing list.

10 Investment in subsidiaries

	31 Mar 2019 Company £000
At 7 January 2014	
Nominal value of shares issued	28
Fair-value adjustment take to merger reserve	2,809
Deferred consideration	2,363
	<hr/>
At 31 March 2016, 31 March 2017, 31 March 2018 and 31 March 2019	5,200
	<hr/>

The investments in Group undertakings are recorded at cost which is the fair-value of the consideration paid.

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows: Shapero Rare Books Ltd, Scholium Trading Ltd and Mayfair Philatelics Ltd, all of which are wholly owned.

11 Deferred Corporation Tax

	31 Mar 2019 Group £000	31 Mar 2018 Group £000
Balance at the beginning of the year	277	277
Income statement	-	-
	<hr/>	<hr/>
Balance at the end of the year	277	277
The deferred tax asset comprises:		
Origination and reversal of temporary differences	277	277

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates expected for future periods of 19%. The deferred tax has arisen due to the availability of trading losses. The Group has unutilised tax allowances, at expected tax rates in future periods, of £383,000 (2018: £370,000) of which £277,000 has been recognised (2018: £277,000 recognised).

A review has been carried out of the Group's ability to generate future profits which has concluded that it is appropriate to continue to recognise this deferred tax asset. As part of this review, it was also concluded that the management charges levied by the Company should be increased in future years to reflect more fully the costs attributable and services provided to the Group's subsidiaries.

12 Inventories

	31 Mar	31 Mar
	2019	2018
	Group	Group
	£000	£000
Finished goods	8,657	8,841
Finished goods expensed in the year	<u>3,991</u>	<u>4,418</u>

13 Trade & other receivables

	31 Mar	31 Mar	31 Mar	31 Mar
	2019	2018	2019	2018
	Group	Group	Company	Company
	£000	£000	£000	£000
Trade debtors	2,308	1,962	-	-
Other debtors	28	20	2	5
Amounts due from Group undertaking	-	-	7,560	6,797
Prepayments and accrued income	183	249	-	-
	<u>2,519</u>	<u>2,231</u>	<u>7,562</u>	<u>6,802</u>

The age profile of trade and other receivables comprise:

	£000
Current	1,144
One month past due	318
Two months past due	127
Over three months past due	719
Provision for doubtful debts	-
	<u>2,308</u>

As at 31 March 2019, trade receivables of £nil (31 March 2018 £nil, 31 March 2017 £nil, 31 March 2016 £nil) were considered past due and impaired. The other debtors balances are categorised as loans and receivables. All amounts shown under trade and receivables are due for payment within one year. Some receivables will be settled against trade payables in

due course.

Amounts due from Group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

14 Share Capital

	31 Mar	31 Mar
	2019	2018
	Group and	Group and
	Company	Company
	£000	£000
<i>Ordinary shares of £0.01 each</i>		
At the beginning of the year	136	136
Issued in the year	-	-
At the end of the year	136	136

Number of shares	31 Mar	31 Mar
	2019	2018
	Group and	Group and
	Company	Company
	Number	Number
Ordinary shares of £0.01 each		
At the beginning of the year	13,600,000	13,600,000
Issued in the year	-	-
At the end of the year	13,600,000	13,600,000

All shares shown above are authorised, issued and fully paid up. Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

