

SCHOLIUM
GROUP



ANNUAL REPORT & FINANCIAL STATEMENTS
for the Year Ended 31 March 2014

SUMMARY INFORMATION

Scholium Group plc (“Scholium” or the “Company”) together with its subsidiaries (the “Group”) is involved in the trading of rare and collectible goods. Shapero Rare Books, its main operating brand, trades in rare books and other works on paper from Mayfair and through international fine art fairs. The Group also retails art and literature from premises in South Kensington where it operates Ultimate Library, which provides bespoke libraries to hotels and private residences.

The Company’s shares are admitted to trading on AIM, a market operated and regulated by the London Stock Exchange under stock (Symbol: SCHO).

Operational Highlights in the year ending 31 March 2014

- Material increase in the stock and trade of Shapero Rare Books following acquisition in 2012
- Strong growth in South Kensington Books and Ultimate Library
- Admission to trading on AIM, raising £8 million before expenses

Financial Highlights

	31 March 2014	31 March 2013
Revenue from operations (up 13.4%)	£6.73m	£5.94m
Gross Profit from operations (up 19.2%)	£2.78m	£2.33m
EBITDA (up 88%)	£0.61m	£0.33m
Stock (up 40%)	£4.67m	£3.33m
Total Assets (up 187%)	£14.44m	£5.04m
Net Assets (up 1100%)	£10.78m	£0.98m
Dividend per ordinary share	1p	-

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WARHOL, Andy

Siberian Tiger

Screen print in colours, 1983, signed in pencil and numbered from the edition of 150 (total edition includes 30 artist's proofs), on Lenox Museum Board, with the blindstamp of the printer, Rupert Jasen Smith, published by Ronald Feldman Fine Arts, Inc., New York,.

Guide Price: £75,000

COMPANY INFORMATION

Directors

Jasper Allen	Chairman
Philip Blackwell	Chief Executive Officer
Simon Southwood	Finance Director
Charles Sebag-Montefiore	Senior Independent Non-Executive Director
Thomas James Jennings CBE	Non-Executive Director
Graham Noble	Non-Executive Director

Company Secretary

Amanda Bateman

Registered Office of the Company

32 St George Street
London
W1S 2EA

Auditors to the Company

Wenn Townsend
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OX1 3LE

Nominated Adviser to the Company

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Solicitors to the Company

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London EC2R 8AB

Broker to the Company

Whitman Howard Limited
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London W1H 7AA

Company Website

www.scholiumgroup.com

Registrars to the Company

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The Registry
34 Beckenham Road
Beckenham
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Registered in England & Wales

Number 08833975

CHAIRMAN'S STATEMENT

I am delighted to present our maiden set of financial statements as a public company for the year ending 31 March 2014. It has been an eventful year for the Group. On the back of the strong performance of our principal operating subsidiary, Shapero Rare Books, we gained investor support to secure further funds for the business to facilitate future growth. This was achieved through a placing of new shares to raise £8 million and admission of the Company's shares to trading on AIM.

Revenue for the year amounted to £6.73 million (2013: £5.94 million) which delivered EBITDA¹ of £0.61 million (2013: £0.33 million).

Business Review

During the year under review, the Group had two principal operating units:

- Shapero Rare Books, a dealer in rare and antiquarian books and works on paper, located in Mayfair, London; and
- South Kensington Books, a bookshop specialising primarily in art, and its sister business, Ultimate Library, which creates bespoke libraries for luxury hotels and private residences.



Image from From Redoute, Pierre Joseph Les Roses £175,000

Performance

Shapero Rare Books

Shapero Rare Books is a Mayfair-based dealer in rare and antiquarian books and works on paper. It regularly exhibits at major international fairs and typically trades alongside other high-end art and collectibles dealers.

We are particularly pleased with the performance of Shapero Rare Books over the year. It became clear to us, once the group had stabilised in early April 2013 that the business was undercapitalised and under stocked. When we sought a route to more permanent capital during the year, interim financing by way of a £273,000 working capital loan was made available by shareholders in September 2013. The

resultant immediate increase in the stock and trade of Shapero Rare Books underpinned our confidence to raise further funds and formed the basis for our admission to trading on AIM in March 2014.

Revenues in the year under review amounted to £6.08 million (2013: £5.38 million) and generated an EBITDA contribution of £0.56 million (2013: £ 0.27 million). Continued investment in stock by the business resulted in material growth in stock at the year end to £4.57 million (31 March 2013: £3.33 million).

South Kensington Books

South Kensington Books and Ultimate Library made up approximately 10% of group turnover for the

¹ EBITDA is stated before depreciation, amortization, loan related costs, foreign exchange losses, exceptional share-based payments and IPO costs.

year (2013: 9%) and made a contribution of 9%. Whilst the business is smaller than Shapero Rare Books, it goes from strength to strength; with

turnover during the year of £0.65 million (2013: £0.55 million) generating EBITDA of £0.05 million (2013: £0.03 million).

Staff

As ever, our dedicated employees have contributed significantly to the development of the Group throughout the year and I would like to take this opportunity of thanking them again for their hard work and effort. Our new board has seen the

appointment of Charles Sebag-Montefiore as senior independent non-executive and Simon Southwood as finance director. Both of them bring a wealth of experience and I look forward to their contribution.

Current Trading

Since the year-end performance at both our Mayfair and South Kensington operations has been encouraging, with both businesses ahead of prior-year trading. In particular, Shapero Rare Books has been deploying capital and has made attractive acquisitions of new stock. The Scholium Trading

proposition continues to be active in building its market presence in the community. The Group is advancing conversations with a number of dealers on material acquisitions/collections they are pursuing.

Dividend

Due to performance in the year, we are pleased to declare an interim dividend of 1 penny per ordinary share. Payment will be made on 25 July 2014 to

shareholders on the Company's register on 11 July 2014.



Jasper Allen

Chairman

30 June 2014



LEPUS CALIFORNICUS.
CALIFORNIA. 1845.

"the largest successful color plate book project of 19th-century America" (Reese).

AUDUBON, John James; Rev. John Bachman.

The Viviparous quadrupeds of North America.

Publication: J.J. Audubon (-V.G. Audubon), New York, 1845-[54].

This image is taken from Audubon's magnificent final work, with brilliantly coloured plates. One of the very few great colour plate books on animals.

This was a most ambitious project to be undertaken by a man of Audubon's age (he was fifty-seven when he started work on it). Many of the species were little known or poorly documented, and it would involve Audubon to seek out many species himself. In 1843 Audubon led a

small party on an exploration to the Rockies to gather material. They never reached the Rockies but returned home with enough specimens pickled in rum to enable Bachman to proceed with the text. By 1848 the last of the plates appeared, but the project had exhausted Audubon.

Shapero Rare Books has the item for sale is part of its Natural History Catalogue.

STRATEGIC REPORT

This report provides an overview of our strategy and of our business model; gives a review of how the business has performed and of our financial position at the year-end; and sets out the principal risks to which the Group is exposed. In addition it comments on the future prospects of the business.

Principal activities of the business

Scholium group companies are involved primarily in the trading and retailing of books and other works on paper, as well as dealing in rare and collectible goods in the wider art market.

The group of businesses comprises:

- Shapero Rare Books, a dealer in rare and antiquarian books and works on paper, located in Mayfair, London;
- South Kensington Books, a bookshop specialising primarily in art, and its sister business, Ultimate Library, which creates bespoke libraries for luxury hotels and private residences; and
- Scholium Trading, a company set up to trade in conjunction with other dealers in high value rare and collectible goods.

Revenue Streams

The Group earns revenue from:

- the sale of rare books and works on paper through Shapero Rare Books;
- the sale of art books and literature through South Kensington Books;

- the sale of whole collections and libraries through Ultimate Library; and
- the sale of other rare and collectible items through Scholium Trading.

Strategy

The Company raised new capital in a recent placing of new shares in order to:

- increase the day-to-day stock and trade of Shapero Rare Books and broaden the product mix into Modern prints;
- invest in developing Scholium Trading – a company created to trade alongside other dealers in high value rare and collectible items and participate in the acquisition for sale of large consignments; and
- accelerate the growth of the South Kensington Books and Ultimate Library brands; the latter concomitant with the development of international hospitality groups and the demand for premium property in Central London.

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

Our business model

Shapero Rare Books

Shapero Rare Books trades in rare and antiquarian books and works on paper. It trades from premises in Mayfair, at international art fairs in London, Continental Europe and America and through its website www.shapero.com. The items for sale typically range in value from £100 up to £1.5 million. Shapero Rare Books particularly specialises in Natural History, travel and Russian materials. Recently it has started to develop its Modern Prints department.

South Kensington operations

South Kensington Books is an independent bookshop operating from premises in Thurloe Street, South Kensington, serving its local professional community in the museums, Christie's, the Lycée and the vibrant tourist and local resident community. Ultimate Library operates from the

STRATEGIC REPORT (CONTINUED)

same premises and supplies bespoke libraries for private residences, luxury resorts and hotels on four continents.

Scholium Trading

Scholium Trading is a new operation set up to trade in conjunction with dealers in high value rare and

collectible goods. It seeks to build on our experience of acquiring items or collections either as principal or in consortia with dealers who are expert in their own subject area; and to extend this expertise to working with a wider range of dealers in related areas of the collectibles market.

Key objectives and key performance indicators (KPIs)

Our key objectives are to:

- increase the stock and trade of Shapero Rare Books through selective purchasing;
- increase the trade of South Kensington operations through expanding its hotel client base to sell more libraries and grow the exclusive private residence market through working with more design groups ; and
- develop Scholium Trading to be the 'first call' for high-end fine art and collectible dealers looking for partners to acquire and sell individual items or collections that exceed their immediate financial capacity.

- gross margin, EBITDA, earnings per share;
- the breadth and distribution of the stock of assets held by the Group;
- stock turnover of assets; and
- various key risk indicators including capital resources, portfolio allocation and cash.

Y/ending March	2014	2013
Revenue	6.73	5.94
Gross Profit	2.78	2.34
Gross Margin	41%	39%
Stock Turnover	12 months	11 months

Our current principal KPIs are:

Review of the year and current trading

Overall performance

We are pleased to report that the business has grown over the year. Revenue has increased 13.4% to £6.73 million (2013: £5.94 million) whilst the gross margin has increased from 39% to 41%. Much of this margin improvement was due to an increased level of commission sales in Shapero Rare Books. EBITDA for the period increased to £0.61 million (2013: £0.33 million), reflecting the operational gearing that the group enjoys.

Shapero Rare Books

Shapero Rare Books has been, in large part, responsible for the increase in growth and profitability of the Group. Revenue for the year amounted to £6.1 million (2013: £5.4 million) which represented 90% of the overall revenues of the Group (2013: 91%). The Operational EBITDA of Shapero Rare Books exceeded our initial expectations for the year with exceptional purchases

and sales in the latter part of the year. A strong final quarter was underpinned by sales at The European Fine Art Fair (TEFAF) and the success of our catalogue '50 Fine Books'.

The year has seen a marked increase in the stock holding of the group to £4.7 million (31 March 2013: £3.3 million). This increase in stock was largely in the last quarter of the year and was enabled by strong trading and a short-term loan from shareholders. In line with plan, we have continued to invest the proceeds of the listing to increase stock as a driver of future sales. We have been able to acquire some attractive new items as evidenced by the recent Natural History catalogue which carried books and prints valued at more than £4m at retail prices.

The development of the prints side of the business has seen a strategic investment in modern prints through the acquisition of a portfolio by Andy Warhol.

South Kensington Operations

South Kensington Books enjoyed like-for-like sale growth of over 12% in last financial year and is trading to plan in the current year. The bookshop is not an inherently scalable business with just one location but it remains cash generative. Ultimate Library grew by over 50% in the year to March 2014 and has started the current year strongly with a number of new clients in London, Greece, Vietnam, the Caribbean and mainland China. As planned we are recruiting to meet demand. The library business works off the buying expertise of the South Kensington Books team.

Revenue for the year increased to £0.65 million (2013: £0.55 million) that drove an increase in EBITDA to £0.05 million (2013: £0.03 million). The stock-turn of 4x per annum is typical for a business of this nature

Scholium Trading

The new operation, Scholium Trading was set up to trade in conjunction with dealers in high value rare and collectible goods and began trading in the current financial year. It seeks to build on our previous experience of acquiring items or collections

either as principal or in consortia with dealers who are expert in their own subject area; and to extend this expertise to working with a wider range of dealers in related areas of the collectibles market. We have been active in promoting the new business to our network of other dealers in the market and are looking at a number of interesting opportunities.

Financial Position and Cash flow

As at 31 March 2014 our gross stock levels were £4.67 million (2013: £3.33 million) and gross assets were £14.44 million (2013: £5.04 million). The increase in stock levels is largely due to the Group's policy of reinvestment in stock to drive turnover and return on capital. The increase in gross assets is largely due to the fundraising undertaken concomitant with admission of the Company's shares to trading on AIM. Cash at 31 March 2014 was £7.58 million. In the current year we are investing the proceeds of the listing to plan.

Dividend

The Board has resolved to pay an interim dividend of 1 penny per ordinary share to shareholders on the register as at 11 July 2014 (ex-dividend date of 9 July). Payment will be made on 25 July 2014.



GOULD, John.

A FINE set of John Gould's MAGNIFICENT BIRD BOOKS.

Publication: 1831-1888.

"All ornithologists are not artists. Many artists are not successful businessmen. In the field of natural history the accomplishments of this man in his 76 years of life from 1804 to 1881 are truly monumental." (Gordon Sauer, John Gould the bird man).

These publications were amongst the most lavish and luxurious publications of the nineteenth century. The sets were produced in small numbers at great expense. Each set or monograph would have been considered a great treasure of the library. To have a virtually complete set, as here, would have been a notable achievement, and this remains the case today.

The works are all very focused, and in the texts Gould refrains from any mention of politics, religion, society, or history. Just the occasional remark on shooting or fishing interrupts the ornithological matter.

The set includes all ten of his major ornithological works, alongside the *Icones avium*, a two part supplement to his earlier works, and *The Mammals of Australia*.

The inclusion of the second rather than first edition of *A Monograph of the Trogonidae, or Family of Trogons* is desirable given it was "in reality a new publication, all the plates having been redrawn, and many new species figured for the first time" (Gould, Preface). It is essentially a completely new work with re-written text, and including 12 new species.

Description, bibliographic details and provenance available upon request

Price: £1,500,000

Principal risks and uncertainties

Supply of antiquarian books and other items

By definition, rare and antiquarian books and other works on paper are rare. The availability of fresh stock of such items is often driven by major life events, such as inheritance, unrecovered debt, divorce or downsizing due to economic malaise. The continued growth of Shapero Rare Books' business is reliant upon individual works and collections of works coming onto the market and upon the Group being able to access those business opportunities. Oftentimes, such sales are dealt with privately and discreetly, thereby meaning access to such dealflow is not guaranteed.

Reliance on key international trade fairs

A significant proportion of the Group's sales are made at international trade fairs, and in particular The European Fine Art Fair. If this fair were to be discontinued it would have a material effect on the ability of the Group to sell goods. There are a limited number of stands at this and other international trade fairs and as a result places are highly sought after. Whilst there can be no certainty that the Group will continue to secure a place in the future, members of the Group have been exhibiting at these fairs for many years and, as such, have a well-established presence.

Competition

The market in the books and other items in which the Group trades is competitive. In the market for antiquarian 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 and Bonham's, as well as smaller auctioneers and a large number of dealers and smaller operators.

The other parts of the Group's business, including the business of South Kensington Books and Ultimate Library, also face various competitive pressures. While the directors believe that the art book market has been less impacted by e-readers and online retailers than the UK retail book market as a whole, the art book market is nonetheless highly competitive and the Group competes with large bookshop chains, smaller independent bookshops and large and small online retailers.

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 have a material adverse effect on the Group's business, financial condition, and operating.

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 bookseller 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 charging 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 management to sell the assets at or above the price for which they were acquired. The value of assets in the balance sheet may not 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 Company 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 the Group may acquire these believing them to be authentic. Further, the attribution of works to a particular writer or artist is not an exact science, and there can be no guarantee that assets of the Group will not have



Ham Yard Hotel, London - The Ultimate Library provided and installed c. 5,000 books for the Main Library and specific guest apartments — completed June 2014

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 particular 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 operates. In addition, the Group has a shop in South Kensington, London from where the South Kensington Books and Ultimate Library businesses operate. The directors believe that both locations are highly desirable and an important factor in the success of the business as a whole. However, both premises are leased and, unless extended, will terminate. Whilst discussions with the landlords have commenced, there can be no guarantee that the leases of either of the premises will be extended on terms acceptable to the Company or at all. In addition, the Group might incur dilapidation liabilities.

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

- (i) transfer of ownership and risk,
- (ii) contract formation,
- (iii) price and payment,

STRATEGIC REPORT (CONTINUED)

- (iv) limitations and exclusions of liability, and
- (v) 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 is revising its standard terms of sale to seek to ensure that, going forward, the arrangements with clients, customers, dealers and others will include terms dealing with each of the aforementioned areas.

Currency risk

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

On behalf of the Board



Philip Blackwell

Chief Executive Officer

30 June 2014

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 March 2014. The Company was incorporated on 7 January 2014 under the name of Henlex 20141 Ltd. The name of the Company was changed to Scholium Limited on 17 February 2014. On 24 March 2014 the Company was reregistered as a PLC and changed its name to Scholium Group plc.

Results and dividend

The results of the Group are included in the Strategic Report. Further details are shown in the consolidated statement of comprehensive income on page 20 and the related notes.

The directors have adopted a dividend policy that takes into account the Group's profitability, underlying growth, availability of cash and

distributable reserves, and the need for funding to support the development of the business.

The Board has considered the Group's performance over the year and will pay an interim dividend of 1 penny per ordinary share to shareholders on the register as at 11 July 2014. Payment will be made on 25 July 2014.

Capital structure

On 7 January 2014 the Company issued 2 ordinary shares of £1 each at a price of £1. On 16 February 2014 these shares were reclassified as 200 ordinary shares of £0.01 each.

On 20 March 2014 the Company issued 1,800 ordinary shares of £0.01 each, 1,000 'A' preferred ordinary shares of £0.01 each and 62,807 'B' preferred ordinary shares of £0.01 pursuant to the acquisition of the whole of the share capital of Bookbank Limited. All of these shares were issued at a price of £0.01.

On 21 March 2014 the Company issued 2,771,490 ordinary shares of £0.01 each by means of capitalising £27,714.90 of the Company's merger reserve. These shares were issued at a price of £0.01.

On 21 March 2014 the 1,000 'A' preferred ordinary shares of £0.01 each were re-designated as 1,000 Ordinary shares of £0.01 each and the 62,807 'B' preferred ordinary shares of £0.01 each were re-designated as 62,807 Ordinary shares of £0.01 each.

On 22 March 2014 the company issued 2,363,028 ordinary shares of £0.01 each at a price of £1.00 by the capitalisation of shareholder loans at this date.

On 28 March 2014 the Company issued 8,000,000 ordinary shares of £0.01 each at a price of £1.00 pursuant to a placing.

The Company has also issued options over the share capital of the Company to members of the Board and to certain employees amounting to 1,455,675

ordinary shares which if exercised would comprise 11.03% of the current issued share capital of the Company. See also directors' interests below and note 24. Of these shares 399,675 were issued as part of a replacement share option scheme.

The shares of the Company were admitted to trading on AIM market on 28 March 2014.

Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in Note 25. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act 2006 and related legislation. The articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the main board terms of reference, copies of which are available on request and the corporate governance statement on page 15.

DIRECTORS' REPORT (CONTINUED)

Directors

The directors of the Company are:

Name	Function	Date of Appointment
Jasper Allen ^{*1*2*3}	Chairman	18 February 2014
Philip Blackwell	Chief Executive Officer	7 January 2014
Simon Southwood	Finance Director	18 February 2014
Charles Sebag-Montefiore ^{*1*3}	Senior Independent Non-Executive Director	18 February 2014
Thomas James Jennings CBE ^{*2}	Non-Executive Director	18 February 2014
Graham Noble ^{*1*2*3}	Non-Executive Director	18 February 2014

*1 Member of the remuneration committee

*2 Member of the nominations committee

*3 Member of the audit committee

Directors' interests in the Company

Director	Number of ordinary shares	Percentage of issued share capital
Jasper Allen	100,000	0.8
Philip Blackwell	1,964,716	14.9
Simon Southwood	-	-
Charles Sebag-Montefiore	10,000	0.1
Thomas James Jennings CBE	1,731,320	13.1
Graham Noble	-	-

As at the date of these financial statements the following options over the ordinary shares of the Company were held by the directors (see also note 25):

Director	Number of incentivisation scheme share options
Jasper Allen	63,000
Philip Blackwell	219,000
Simon Southwood	63,000
Charles Sebag-Montefiore	-
Thomas James Jennings CBE	21,000
Graham Noble	21,000

DIRECTORS' REPORT (CONTINUED)

Directors' remuneration for the year to 31 March 2014:

Director	Salary/fees £	Bonus £	Total £
Jasper Allen	36,500	1,000	37,500
Philip Blackwell	59,396	10,000	69,396
Simon Southwood *	100,000	-	100,000
Charles Sebag-Montefiore	470	-	470
Thomas James Jennings CBE	521	-	521
Graham Noble	12,271	-	12,271
	<u>209,158</u>	<u>11,000</u>	<u>220,158</u>

* Fees payable in respect of corporate finance advice provided by Stafford Corporate Consulting Limited in connection with the Company's financing and admission to trading on AIM.

Directors' remuneration for the year to 31 March 2013:

Director	Salary/fees £	Bonus £	Total £
Jasper Allen	15,000	-	15,000
Philip Blackwell	67,000	-	67,000
Simon Southwood	-	-	-
Charles Sebag-Montefiore	-	-	-
Thomas James Jennings CBE	-	-	-
Graham Noble	12,000	-	12,000
	<u>94,000</u>	<u>-</u>	<u>94,000</u>

Policy and practice on the payment of creditors:

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers.

Political and charitable donations

The Group made charitable donations of £1,075 in the year (2013: £nil).

Post-balance sheet events

The Group has no significant post-balance sheet events.

Major Shareholders

Those shareholders with disclosable interests as at 31 March 2014 were as follows:

	No. of Shares as at 31 March 2014	Percentage Holding as at 31 March 2014
ISIS EP LLP	2,000,000	15.1%
Philip Blackwell	1,964,716	14.9%
Thomas James (Shamus) Jennings CBE	1,731,320	13.1%
Hargreave Hale Nominee Limited	1,221,000	9.3%
Bateman Street Investments LLP	1,076,151	8.2%
JO Hambro	500,000	3.8%
City Asset Management	460,369	3.5%
Toby Blackwell Limited	293,876	2.2%

DIRECTORS' REPORT (CONTINUED)

Auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware, there was no relevant available information of which the Company's auditor is unaware: and
- that Director has taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

A resolution to reappoint Wenn Townsend as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

Internal financial control

The directors recognise the importance of corporate governance and is introducing procedures to enable the Company to comply with the provisions of the "Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013" published by the Quoted Companies Alliance.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. Following Admission, the Company intends to hold Board meetings at least 8 times each financial year, and at any other times as and when required.

The Company has established properly constituted audit, remuneration and nomination committees of the Board with formally delegated duties and responsibilities.

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The audit committee intends to meet no less than three times each financial year and will have unrestricted access to the Company's auditors. The audit committee comprises Charles Sebag - Montefiore (as Chairman), Jasper Allen and Graham Noble.

The remuneration committee reviews the performance of executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation at the time. The remuneration committee comprises Jasper Allen (as Chairman), Graham Noble and Charles Sebag - Montefiore.

The nomination committee meets whenever there is business to discuss. The committee will consider appointments to the Board and be responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition. The nomination committee comprises Graham Noble (as Chairman), Thomas James Jennings CBE and Jasper Allen.

Annual General Meeting

The Annual General Meeting of the Company for 2014 will be held on 4 September 2014.

On behalf of the Board



Simon Southwood

Director

30 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements are made available on a website.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. The Directors' responsibility also extends to ongoing integrity of the financial statements contained therein.

On behalf of the Board



Simon Southwood

Director

30 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOLIUM GROUP PLC

We have audited the financial statements of Scholium Group Plc for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an

opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at

www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and Directors' report for the financial year

for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ajay Bahl BA FCA (Senior statutory auditor)

For and on behalf of Wenn Townsend (Statutory auditor)

Oxford

Date: 30 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March 2014 £'000	Year ended 31 March 2013 £000
	Note		
Revenue	5	6,733	5,936
Cost of sales		(3,954)	(3,602)
Gross profit		<u>2,779</u>	<u>2,334</u>
Distribution expenses		(423)	(525)
Administrative expenses		(1,802)	(1,497)
Exceptional items:			
Replacement share-based payment scheme	11	(385)	-
IPO expenses	11	(228)	-
Total administrative expenses		<u>(2,415)</u>	<u>(1,496)</u>
(Loss)/profit from operations		(59)	312
<div>Adjusted profit from operations before IPO expenses and share-based payment expense</div> <div>Replacement share-based payment scheme</div> <div>IPO expenses</div> <div>(Loss)/profit from operations</div>			
		554	312
		(385)	-
		(228)	-
		<u>(59)</u>	<u>312</u>
Financial income	12	1	1
Financial expenses	13	(290)	(239)
(Loss)/profit before taxation	6	(348)	74
Income tax credit/(expense)	14	251	-
(Loss)/profit for the year and total comprehensive income attributable to equity holders of the parent company		<u>(97)</u>	<u>74</u>
Basic (loss)/earnings per share – pence	15	<u>(36.5)</u>	<u>112.4</u>
Diluted (loss)/earnings per share – pence	15	<u>(36.5)</u>	<u>112.4</u>
Basic (loss)/earnings per share calculated on full number of shares in issue – pence	15	<u>(0.7)</u>	<u>0.6</u>

All amounts relate to continuing activities.

There were no other recognised gains and losses in the year.

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Assets				
Non-current assets				
Property, plant and equipment	16	104	119	135
Intangible assets	17	16	24	31
Deferred taxation	23	258	-	-
		<u>378</u>	<u>143</u>	<u>166</u>
Current assets				
Inventories	19	4,667	3,331	3,250
Trade and other receivables	20	1,816	1,368	764
Cash and cash equivalents		7,578	196	97
		<u>14,061</u>	<u>4,895</u>	<u>4,111</u>
Total assets		<u><u>14,439</u></u>	<u><u>5,038</u></u>	<u><u>4,277</u></u>
Current liabilities				
Trade and other payables	21	3,111	1,599	924
Loans and borrowings	22	533	350	350
Current corporation tax liabilities		14	7	3
Total current liabilities		<u>3,658</u>	<u>1,956</u>	<u>1,277</u>
Non-current liabilities				
Loans and borrowings	22	-	2,104	2,096
		-	2,104	2,096
Total liabilities		<u><u>3,658</u></u>	<u><u>4,060</u></u>	<u><u>3,373</u></u>
Net assets		<u><u>10,781</u></u>	<u><u>978</u></u>	<u><u>904</u></u>
Equity and liabilities				
Equity attributable to owners of the Company				
Ordinary shares	24	132	52	52
Share Premium		9,458	-	-
Merger reserve		82	2,047	2,047
Retained earnings/(deficit)		1,109	(1,121)	(1,195)
Total equity		<u><u>10,781</u></u>	<u><u>978</u></u>	<u><u>904</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2014.



P Blackwell

Director

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total Equity £000
At 1 April 2012 as originally stated		17	2,082	-	(1,195)	904
Effect of merger accounting	2	35	(2,082)	2,047	-	-
Balance at 1 April 2012 restated		52	-	2,047	(1,195)	904
Profit for the year		-	-	-	74	74
Total comprehensive income for the year		-	-	-	74	74
Shares issued by subsidiary undertaking in the period		-	-	-	-	-
Share-based payments	25	-	-	-	-	-
Total contributions by owners of the parent		-	-	-	-	-
Balance at 31 March 2013		52	-	2,047	(1,121)	978

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 deficit	Cumulative loss of the Group attributable to equity shareholders.

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total Equity £000
At 1 April 2013 as originally stated		17	2,082	-	(1,121)	978
Effect of merger accounting	2	35	(2,082)	2,047	-	-
Balance at 1 April 2013 restated		52	-	2,047	(1,121)	978
Loss for the year		-	-	-	(97)	(97)
Total comprehensive income for the year		-	-	-	(97)	(97)
Shares issued in the period		80	10,259	-	-	10,339
Share issue expenses		-	(801)	-	-	(801)
Capital reduction in subsidiary		-	-	(1,986)	1,986	-
Cancellation of shares in subsidiary from merger reserve		-	-	21	3	24
Share-based payments	25	-	-	-	338	338
Total contributions by owners of the parent		80	9,458	(1,965)	2,327	9,900
Balance at 31 March 2014		132	9,458	82	1,109	10,781

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 deficit	Cumulative loss of the Group attributable to equity shareholders.

The notes on pages 29 to 51 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 March 2014 £000	31 March 2013 £000
Cash flows from operating activities		
(Loss)/profit before tax	(348)	74
Depreciation of property, plant and equipment	38	33
Amortisation of intangible assets	8	8
Share-based payment	338	-
	<u>36</u>	<u>115</u>
Increase in inventories	(1,336)	(81)
Decrease in trade and other receivables	(448)	(604)
Increase in trade and other payables	2,211	817
Net cash generated from operating activities	<u>463</u>	<u>247</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(22)	(17)
Interest received	1	1
Net cash generated used in investing activities	<u>(21)</u>	<u>(16)</u>
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	8,000	-
Share issue expenses	(801)	-
Repayment of shareholder loans	-	-
Interest paid	(259)	(132)
Net cash generated from financing activities	<u>6,940</u>	<u>(132)</u>
Net increase in cash and cash equivalents	7,382	99
Cash and cash equivalents at the beginning of the year	196	97
Cash and cash equivalents at the end of the year	<u>7,578</u>	<u>196</u>

The notes on pages 29 to 51 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

		31 March 2014 £000
Assets	Note	
Non-current assets		
Investments	18	5,200
Current assets		
Trade and other receivables	20	507
Cash and cash equivalents		7,433
		<u>7,940</u>
Total assets		<u><u>13,140</u></u>
Current liabilities		
Trade and other payables	21	569
Current corporation tax liabilities		7
Total current liabilities		<u>576</u>
Total liabilities		<u><u>576</u></u>
Net assets		<u><u>12,564</u></u>
Equity and liabilities		
Equity attributable to owners of the Company		
Ordinary shares	24	132
Share Premium		9,458
Merger reserve		2,809
Retained deficit		165
Total equity		<u><u>12,564</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2014.



P Blackwell
Director

The notes on pages 29 to 51 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Merger Reserve £000	Retained deficit £000	Total Equity £000
At 7 January 2014	-	-	-	-	-
Loss for the period	-	-	-	(173)	(173)
Total comprehensive income for the period	-	-	-	(173)	(173)
Shares issued in the period	132	10,259	-	-	10,391
Share issue expenses	-	(801)	-	-	(801)
Investment in Bookbank Limited (note 18)	-	-	2,809	-	2,809
Share-based payments	-	-	-	338	338
Total contributions by owners of the parent	132	9,458	2,809	338	12,737
Balance at 31 March 2014	132	9,458	2,809	165	12,564

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 deficit	Cumulative loss of the Group attributable to equity shareholders.

The notes on pages 29 to 51 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

31 March
2014
£000

Cash flows from operating activities

Loss from operations	(165)
Share-based payment	338
	<hr/> 173

Increase in trade and other receivables	(507)
Increase in trade and other payables	568
	<hr/>

Net cash generated from operating activities	<hr/> 234 <hr/>
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Cash flows from financing activities

Proceeds from the issuance of ordinary shares	8,000
Share issue expenses	(801)
	<hr/>

Net cash generated from financing activities	<hr/> 7,199 <hr/>
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Net increase in cash and cash equivalents	7,433
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Cash and cash equivalents at the beginning of the period	-
	<hr/>

Cash and cash equivalents at the end of the period	<hr/> 7,433 <hr/>
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The notes on pages 29 to 51 form part of these financial statements.

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 and antiquarian books and works on paper 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 32 St George Street, London W1S 2EA. The Company was incorporated on 7 January 2014 for the purpose of becoming the new parent undertaking of the Group.

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 IFRIC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union (EU). This is the first time that IFRSs have been adopted and IFRS 1 First-time Adoption of International financial Reporting Standards has been applied. The Company financial statements have been prepared in accordance with IFRSs from the date of incorporation.

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements for the years ended 31 March 2013 and 31 March 2014 are set out below. This is the first year in which IFRSs have been adopted. These policies have been consistently applied to all periods presented.

The functional and presentational currency of the Group and the Company is pounds sterling. The financial information is shown to the nearest £1,000.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Group loss for the year included a loss on ordinary activities after tax of £173,000 in respect of the Company for the period 7 January 2014 to 31 March 2014. The loss of the Company for the period includes IPO expenses of £203,000 (note 11).

Changes to accounting policies since the last period

The following standards and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are also effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position for the current reporting period:

- IAS 19 'Employee Benefits'.
- Amendment to IAS1 'Presentation of Items of Other Comprehensive Income'.
- Amendment to IAS12 'Deferred Tax: Recovery of Underlying Assets'.
- Amendment to IFRS 7 'Disclosures - Offsetting Financial Assets and Financial Liabilities'.
- Amendment to IFRS 1 'Government Loans'.
- IFRS 13 'Fair Value Measurement'.
- Annual improvements to IFRS (2009-2011 cycle). Minor amendments to various accounting standards effective for periods beginning on or after 1st January 2013 onwards.

2 Basis of preparation and accounting policies continued

Changes to accounting policies since the last period continued

The following standards and interpretations issued by the IASB or IFRIC have not been adopted by the Group as these are not effective for the current year. The Group is currently assessing the impact these standards and interpretations will have on the presentation of its consolidated results in future periods:

- IFRS 10 'Consolidated Financial Statements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IFRS 11 'Joint Arrangements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IFRS 12 'Disclosure of Interests in Other Entities'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'. This amendment has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IAS 27 'Separate Financial Statements'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- IAS 28 'Investments in Associates and Joint Ventures'. This interpretation has been endorsed for use in the EU (the mandatory effective date for the EU-endorsed version is 1 January 2014).
- Amendment to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- IFRS 9 'Financial Instruments' (effective date for accounting periods is to be confirmed). This amendment has not yet been endorsed for use in the EU.
- Amendment to IAS 36 'Recoverable amounts disclosures for non-financial assets' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- Amendment to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (effective for accounting periods beginning on or after 1 January 2014). This amendment has been endorsed for use in the EU.
- IFRIC 21 'Levies' (effective for accounting periods beginning on or after 1 January 2014). This amendment has not yet been endorsed for use in the EU.
- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions' (effective for accounting periods beginning on or after 1 July 2014). This amendment has not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2010-2012 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2011-2013 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.

Management has concluded that there will be no material impact of these changes on the results or net assets of the Group.

2 Basis of preparation and accounting policies continued

Basis of consolidation

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, it is classified as a subsidiary. The statement of financial position at 31 March 2014 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

Capital reorganisation and the merger reserve

On 7 January 2014 the Company was formed to become the new holding company for the Group. This was put into effect on 20 March 2014 through a share-for-share exchange of one ordinary share of £0.01 in Scholium Group plc for one ordinary share of £0.01 in Bookbank Limited, the only trading subsidiary for the Group. The value of one share in the Company was equivalent to the value of one share in Bookbank Limited.

The accounting treatment for group reorganisations is scoped out of IFRS3. Accordingly, as required under IAS8 Accounting Policies, Changes in Accounting Estimates and Errors the Group has referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company has been accounted for as a capital reorganisation using the merger accounting principles prescribed under current UK GAAP. Therefore the consolidated financial statements of Scholium Group plc are presented as if Scholium Group plc has always been the holding company for the Group. Share capital in the Company issued on the date of the reorganisation for the purposes of the merger is treated as if already issued in the earliest year presented.

The use of merger accounting principles has resulted in a balance on Group capital and reserves which has been classified as a merger reserve and included in the Group's shareholders' funds. The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

The Company has recognised the value of its investment in Bookbank Limited at fair-value based upon the initial share placing price on admission to AIM. This is a Level 2 valuation within the fair-value hierarchy. As permitted by S612 of the Companies Act 2006 the amount attributable to share premium has been transferred to the merger reserve. The investment in the Company is recorded at fair-value.

Revenue Recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group's revenues from the sale of rare and antiquarian books and works on paper are recognised on completion of the relevant transaction. The Group's commissions and other revenues are recognised when all performance conditions have been satisfied.

Retirement Benefits: Defined contribution schemes

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

2 Basis of preparation and accounting policies continued

Intangible assets

Intangible assets comprise customer lists and data acquired by the Group from external parties to the Group and are stated at amortised cost less amortisation and impairment. Amortisation is provided on customer lists and data so as to write off their carrying value over the expected useful economic lives. It is provided at the following annual rates:

Customer lists and data – 20% on cost per annum

The amortisation expense is recognised within administrative expenses in the statement of comprehensive income.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Bibliography	– 15% on cost per annum
Plant and machinery	– 15% to 33% on cost per annum
Fixtures and fittings	– 15% to 33% on cost per annum
Motor vehicles	– 25% on cost per annum

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Finished goods - purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Financial liabilities

All financial liabilities are recognised initially at fair value and subsequently at amortised cost unless these liabilities are derivative financial instruments which come within the scope of IAS39.

2 Basis of preparation and accounting policies continued

Derivative financial instruments

Derivative financial instruments within the scope of IAS 39 are classified as financial assets or liabilities at fair-value through the income statement. Changes to fair value are through the income statement. All derivative financial instruments are recognised initially at fair value. The subsequent measurement of derivative financial instruments is also at fair-value. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the income statement.

Fair Value Hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices, in active markets
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Leased Assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

2 Basis of preparation and accounting policies continued

Deferred taxation continued

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Share-based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which is pounds sterling for each entity within the Group. For the purpose of the consolidated financial statements, the results and financial position of each entity within the Group are expressed in pound sterling which is the presentation currency for the Group and Company financial statements. The functional currency of the Company is pound sterling.

2 Basis of preparation and accounting policies continued

Foreign currency continued

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the income statement for the period.

Operating Segments

The Board considers that the Group's project activity constitutes one operating and one reporting segment, as defined under IFRS 8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

All of the revenues generated relate to the trading and retailing of rare and antiquarian books and works on paper, other quality books, ancillary income including commission receivable and from the repair of books. An analysis of revenues appears in note 5 below. All revenues are wholly generated within the UK. Accordingly there are no additional disclosures provided to the financial information.

Operating profit and loss

Operating profit and loss comprises revenues less operating costs. Operating costs comprise adjustments for changes in inventories, employee costs including share-based payments, amortisation, depreciation and impairment and other operating expenses.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reasonably estimated.

Exceptional items of expense

Exceptional items of expense are administrative costs which are large or unusual in nature and are not expected to recur on a regular basis.

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. The significant estimates or judgements made by the Group include the valuation of share-based payment expenses, the value of its leasehold properties and the value of its goodwill and related impairment charges.

The valuation of the Group's share-option incentive plans requires the use of valuation techniques and assumptions including volatility, market interest rates and the future performance of the Company's share price.

The value of the Group's inventory of rare and antiquarian books and works on paper may vary with market conditions and judgement is required in assessing the effect on the carrying values of related expenditure.

The value of the Group's intangible assets and any related impairment charge requires judgement in respect of the expected future performance of the Group's sale of antiquarian books and works on paper.

3 Critical accounting estimates and judgements continued

Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

4 Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group does not use derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

Credit risk

Liquidity risk

Market interest rate risk

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 March 2014, 31 March 2013 and 31 March 2012.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK banks.

Trade and other payables are measured at book value and amortised cost.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 March 2014 the Group has trade receivables of £1,412,000.

The Group is exposed to credit risk in respect of these balances such that, if one or more the customers encounter's financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements.

Market interest rate risk

Market interest rate risk arises from the Group's holding of shareholder loan notes. The Group is also exposed to market interest rate risk in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities and the re-pricing of its interest-bearing liabilities are set out in note 22.

4 Financial instruments – risk management continued

Capital Management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £10,781,000 (31 March 2013: £978,000).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All funding required to acquire rare and antiquarian books and works on paper purposes are financed from existing cash resources.

5 Revenue

	31 March 2014 Group £000	31 March 2013 Group £000
Book sales	6,474	5,772
Commissions	256	152
Other income	3	12
	<u>6,733</u>	<u>5,936</u>

6 Profit before taxation

Profit before taxation is after charging/(crediting):	31 March 2014 Group £000	31 March 2013 Group £000
Depreciation of property, plant and equipment	38	33
Amortisation of intangible assets	8	8
Operating lease rentals	351	343
Foreign currency losses	13	14
Share-based payment expense (note 25)	338	-
Employee costs (note 7)	1,015	681
Fees payable to the Company's auditor (note 9)	<u>39</u>	<u>9</u>

7 Employee costs including Directors

	31 March 2014 Group £000	31 March 2013 Group £000
Wages and salaries	880	611
Social Security Costs	123	55
Pension costs	12	12
Other employee benefits	-	3
Share-based payments	<u>338</u>	<u>-</u>
	<u>1,353</u>	<u>681</u>

8 Average number of employees

	31 March 2014 Group Number	31 March 2013 Group Number
Management	6	6
Operations	14	13
	<u>20</u>	<u>19</u>

9 Auditors' remuneration

	31 March 2014 Group £000	31 March 2013 Group £000
Fees payable to the Company's auditor for the audit of the Company's consolidated financial statements	4	-
Fees payable to the Company's auditor for the audit of subsidiary undertakings of the Company	14	7
Fees payable to the Company's auditor for taxation compliance services to the Group	1	2
Fees payable to the Company's auditor for services related to the institutional placing offer	20	-
	<u>39</u>	<u>9</u>

Of the total auditors' remuneration for the year £4,350 has been charged directly to equity (2013: £nil).

10 Directors' remuneration

	31 March 2014 Group and Company £000	31 March 2013 Group and Company £000
Salaries and fees	220	94
Social Security Costs	-	-
Pension costs	-	-
	<u>220</u>	<u>94</u>
Information regarding the highest paid Director which comprises salary and benefits is as follows:	<u>100</u>	<u>67</u>

11 Exceptional items of expenditure

	31 March 2014 Group £	31 March 2013 Group £
Accelerated share-based for replacement option scheme on listing	385	-
IPO expenses	228	-
	<u>613</u>	<u>-</u>

On 27 March 2014 the previous share option incentive scheme within the Group, based upon ordinary shares within Bookbank Limited was accelerated on listing and a new share-incentive scheme put in place. The options related to the previous scheme are vested and exercisable on the date of issue. The expense comprises a share-based payment expense of £338,000 (note 25) and the related national insurance liability of £47,000.

On 28 March 2014 the Company was admitted to the AIM market and an associated placing of shares was made. The total costs were £1,029,000 of which £801,000 were attributed to share premium.

12 Financial income

	31 March 2014 Group £000	31 March 2013 Group £000
Interest receivable	1	1
	<u>1</u>	<u>1</u>

13 Financial expense

	31 March 2014 Group £000	31 March 2013 Group £000
Interest on shareholder loan notes and director loans	259	231
Amortised loan expenses	31	8
	<u>290</u>	<u>239</u>
	31 March 2014 Group £000	31 March 2013 Group £000
Net finance income/(expense)	<u>(289)</u>	<u>(238)</u>

14 Income tax

	31 March 2014 Group £000	31 March 2013 Group £000
<i>Current tax (credit)/expense</i>		
Current tax	7	-
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(258)	-
Total tax(credit)	<u>(251)</u>	<u>-</u>

The reasons for the difference between the actual tax (credit)/charge for the year and the standard rate of corporation tax in the United Kingdom applied to (loss)/profit for the year as follows:

	31 March 2014 Group £000	31 March 2013 Group £000
(Loss)/profit before tax	<u>(348)</u>	<u>74</u>
Applied corporation tax rates:	<u>20%</u>	<u>20%</u>
Tax at the UK corporation tax rate of 20%	(70)	14
Expenses not deductible for tax purposes	53	7
Utilisation of previously unrecognised tax losses	(39)	2
Origination and reversal of temporary differences	<u>(195)</u>	<u>(23)</u>
Total tax credit	<u>(251)</u>	<u>-</u>

15 (Loss)/earnings per share

	31 March 2014 Group £000	31 March 2013 Group £000
(Loss)/profit used in calculating basic and diluted (loss)/earnings per share	<u>(97)</u>	<u>74</u>
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	<u>265,813</u>	<u>65,807</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>265,813</u>	<u>65,807</u>
Basic (loss)/earnings per share (pence per share)	<u>(36.5)</u>	<u>112.4</u>
Diluted (loss)/ earnings per share (pence per share)	<u>(36.5)</u>	<u>112.4</u>
Basic (loss)/earnings per share calculated on full number of shares in issue (pence per share)	<u>(0.7)</u>	<u>0.6</u>

15 (Loss)/earnings per share continued

Basic earnings per share amounts are calculated by dividing net (loss)/profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where the Group has incurred a loss in a year or period the diluted earnings per share is the same as the basic earnings per share as the loss has an anti-dilutive effect. The diluted loss per share for 2014 is therefore the same as the basic loss per share for the year and the diluted weighted average number of shares is the same as the basic weighted average number of shares.

Basic earnings per share calculated on the full number of shares in issue are calculated by dividing net (loss)/profit for the year or period attributable to ordinary equity holders of the parent by number of shares in issue at 31 March 2014, amounting to 13,200,325 shares, to reflect the considerable number of new shares, including placing shares, issued in late March 2014. See also note 24.

The Company has 1,455,675 potentially issuable shares all of which relate to the potential dilution from the Group's share-options issued to the Directors and certain employees in the year (note 25).

16 Property, plant and equipment

	31 March 2014 Group Bibliography £000	31 March 2014 Group Plant & Machinery £000	31 March 2014 Group Fixtures & fittings £000	31 March 2014 Group Total £000
Cost				
At 1 April 2012	73	53	13	139
Acquired in the year	5	6	6	17
At 31 March 2013	78	59	19	156
Acquired in the year	6	17	-	23
At 31 March 2014	84	76	19	179
Depreciation				
At 1 April 2012	1	2	1	4
Charge for the year	11	18	4	33
At 31 March 2013	12	20	5	37
Charge for the year	12	22	4	38
At 31 March 2014	24	42	9	75
Net book value				
At 31 March 2014	60	34	10	104
At 31 March 2013	66	39	14	119
At 31 March 2012	72	51	12	135

There are no items of property, plant and equipment held under finance leases.

17 Intangible assets

	31 March 2014 Group Total £000
Customer lists and data	
Cost	
At 1 April, 31 March 2013 and 31 March 2014	<u>170</u>
Amortisation	
At 1 April 2012	139
Charge for the year	<u>7</u>
At 31 March 2013	146
Charge for the year	<u>8</u>
At 31 March 2014	<u>154</u>
Net book value	
At 31 March 2014	<u>16</u>
At 31 March 2013	<u>24</u>
At 1 April 2012	<u>31</u>

There have been no impairments indicated in the year to 31 March 2014.

18 Investments

	31 March 2014 Company £000
At 7 January 2014	-
Nominal value of shares issued	28
Fair-value adjustment taken to merger reserve	2,809
Deferred consideration	2,363
At 31 March 2013	<u>5,200</u>

The investment is in Bookbank Limited and is valued at fair-value on 20 March 2014 based upon quoted prices as at the date of the Group reorganisation. This is a Level 2 valuation under the fair-value hierarchy. On 22 March 2014 the deferred consideration was satisfied in full by the issue of ordinary shares in the Company (notes 2 and 24).

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Name	Principal activity	Country	Class of share	Proportion of shares Held
Bookbank Limited	Trading and retailing of rare and antiquarian books and works on paper	UK	Ordinary	100%
Scholium Trading Limited	Trading and retailing of rare and antiquarian books and works on paper, dormant at 31 March 2014	UK	Ordinary	100%

19 Inventories

	31 March 2014 Group £000	31 March 2013 Group £000
Books & works on paper	4,667	3,331
Books & works on paper expensed in the year	<u>3,954</u>	<u>3,602</u>

20 Trade and other receivables

	31 March 2014 Group £000	31 March 2013 Group £000	31 March 2014 Company £000	31 March 2013 Company £000
Trade and other receivables	1,412	1,018	-	-
Amounts due from Group undertakings	-	-	435	-
Other debtors	198	63	68	-
Prepayments and accrued income	206	287	4	-
	<u>1,816</u>	<u>1,368</u>	<u>507</u>	<u>-</u>

20 Trade and other receivables continued

The age profile trade and other receivables comprised:

	£000
Current	846
One month past due	251
Two months past due	70
Three months past due	12
Over three months past due	237
Provision for doubtful debts	(4)
	<u>1,412</u>

As at 31 March 2014, trade receivable of £4,000 (31 March 2013 and 31st March 2012 £nil) were considered past due and impaired. The other debtors' balances are categorised as loans and receivables. All amounts shown under trade and other receivables are due for payment within one year.

21 Trade and other payables

	31 March 2014 Group £000	31 March 2013 Group £000	31 March 2014 Company £000	31 March 2013 Company £000
Trade creditors	2,355	980	197	-
Social security and other taxes	18	17	-	-
Accrued expenses	686	550	372	-
Other creditors	52	52	-	-
	<u>3,111</u>	<u>1,599</u>	<u>569</u>	<u>-</u>

The directors consider the carrying value of trade and other payables approximate to their fair values.

22 Loans and borrowings

	31 March 2014 Group £000	31 March 2013 Group £000
Current liabilities:		
Loans from shareholders	350	350
Loans from directors	183	-
	<u>533</u>	<u>350</u>
 Non-current liabilities:		
Loans from shareholders	-	2,104
	<u>-</u>	<u>2,104</u>

The directors' and shareholders' loans of £350,000 carry interest at 5 per cent per annum and are secured by floating charges over the company's assets. Subsequent to 10th February 2013 this loan has been repayable on demand.

22 Loans and borrowings continued

During the six months ended 30th September 2013 additional loans of £273,000 were advanced to the company. This amount carries interest at 12 per cent per year and was repayable in eight equal instalments. By mutual agreement between the lenders and the company, repayments have been postponed, continuing to bear interest under the terms of the agreement. On 3rd March 2014, £90,000 was repaid to the lenders. Repayment of the remaining balance £183,000 was made after the year end.

The non-current shareholder loans, together with accrued interest thereon, were repaid through the issue of equity in a subsidiary undertaking in the year.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 March 2013 and the periods in which they mature or, if earlier, are re-priced. Amounts shown for debt include both capital repayments and related interest calculated at year-end rates.

	Effective interest rate %	Maturing within 1 year £000	Maturing between 1 to 2 years £000	Maturing between 2 to 5 years £000
Bank deposits	1.0%	7,578	-	-
Shareholder loans	5.0%	350	-	-

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit or loss before tax through the impact on floating rate borrowings and bank deposits and cash flows. There is no impact on the Group's equity.

	Change in rate	2014 £000	Change in rate	2013 £000
Bank deposits		7,578		196
	-0.5%	(38)	-0.5%	(1)
	-1.0%	(76)	-1.0%	(2)
	-1.5%	(114)	-1.5%	(3)
	+0.5%	38	+0.5%	1
	+1.0%	76	+1.0%	2
	+1.5%	114	+1.5%	3
	Change in rate	2014 £000	Change in rate	2013 £000
Shareholder and director loans		533		350
	-0.5%	(3)	-0.5%	(2)
	-1.0%	(5)	-1.0%	(4)
	-1.5%	(8)	-1.5%	(5)
	+0.5%	3	+0.5%	2
	+1.0%	5	+1.0%	4
	+1.5%	8	+1.5%	5

23 Deferred tax

	31 March 2014 Group £000	31 March 2013 Group £000
Included in non-current assets	258	-
<i>Deferred tax gross movements</i>		
	31 March 2014 Group £000	31 March 2013 Group £000
Opening balance	-	-
Credit to income statement	(258)	-
Closing balance	(258)	-
<i>The deferred tax asset comprises:</i>		
	31 March 2014 Group £000	31 March 2013 Group £000
Temporary differences on property, plant and equipment	-	-
Available losses	176	-
Other temporary and deductible differences	82	-
Closing balance	258	-

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates expected for future periods of 20%. The deferred tax has arisen due to the availability of trading losses. The Group has unutilised tax allowances of £258,000 at expected tax rates in future periods.

24 Share capital

	31 March 2014 Group and Company £000	31 March 2013 Group £000
<i>Ordinary shares of £0.10 each</i>		
At the beginning of the year	52	52
Issued in the year	80	-
At the end of the year	132	52
Number of shares		
	31 March 2014 Group and Company Number	31 March 2013 Group Number
Ordinary shares of £0.10 each		
At the beginning of the year	-	-
Issued in the year in exchange for Bookbank Limited shares	5,200,325	-
Placing of shares on admission to AIM	8,000,000	-
At the end of the year	13,200,325	-

24 Share capital continued

On 7 January 2014 a new holding company, Scholium Group plc, was formed to be the parent undertaking for the Group. This was put into effect through a share-for-share exchange of one ordinary share of £0.01 in Scholium Group plc for one ordinary share of £0.01 in Bookbank Limited. The value of one share in Scholium Group plc was equivalent to the value of one share in Bookbank Limited.

The introduction of the new holding company constitutes a Group reconstruction and has been accounted for using merger accounting principles. Therefore the consolidated financial statements of Scholium Group plc are presented as if Scholium Group plc has always been the holding company for the Group and the share capital issued on this date treated as if issued in the earliest year presented.

Accordingly, the results of the Group for the entire year ended 31 March 2014 and the results for the comparative year ended 31 March 2013 are also prepared on this basis.

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.

Share-issue costs of £801,000 have been deducted from the share premium in the year. A further £228,000 has been expensed (note 11).

25 Share-based payment arrangements

Scholium Group plc operates three equity-settled share based remuneration scheme for employees.

The first is a replacement option scheme on behalf of B Shapero and P Guillemet, both senior managers of the Company. The share options issued under this scheme are fully vested on 27 March 2014, the date of issue. They have been valued at the intrinsic value of the options on the date of issue being the market price of the Company's shares on admission to AIM of £1.00 and the share option prices of £0.154. These options are immediately exercisable.

The second scheme (EMI performance scheme) and the third scheme combine a long term incentive scheme and an unapproved scheme for certain senior management and executive Directors. These schemes were put in place on 27 March 2014 but effective from 1 April 2014. The options held under these schemes are subject to performance conditions and vest, subject to annual performance criteria, over three years.

Equity-settled share-based payments in respect of the second and third schemes are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group and Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The inputs into the Black-Scholes model for the share option plans for the share options issued on 27 March 2014 in respect of the second and third option schemes are as follows:

Option Scheme conditions:

Weighted average share price at grant date (pence)	£1.00
Weighted average option exercise prices (pence)	£1.00
Expected volatility	7.7%
Expected option life	3 years
Risk-free interest rate	4.5%
Expected dividend yield	0.0%
Fair-value of options granted in the year (pence)	£0.1092

25 Share-based payment arrangements continued**Number of share options in issue**

	31 March 2014 Group Number	31 March 2013 Group Number
Replacement option scheme		
Number of options at the beginning of the period	-	-
Number of options issued in the year	399,675	-
Number of options at the end of the year	399,675	-

	31 March 2014 Group Number	31 March 2013 Group Number
Employee incentive schemes		
Number of options at the beginning of the period	-	-
Number of options issued in the year	1,056,000	-
Number of options at the end of the year	1,056,000	-

	31 March 2014 Group £000	31 March 2013 Group £000
Share-based payments charged to profit and loss		
Administration costs:		
Administrative costs (replacement option scheme)	338	-
Total expense	338	-

The is no charge for the year in respect of the employee incentivisation share-option schemes which are based on performance from 1 April 2014 and subsequent periods up to 31 March 2017. None of these options are exercisable at 31 March 2014 (31 March 2013 nil). The amount chargeable in the Company was £nil, the amount of the charge is included within the Company's subsidiary Bookbank Limited who have recognised the associated liability to the Company.

None of the above options under any scheme were exercised in the period.

Volatility was determined by reference to movements in the share prices of the 'small cap' AIM valuation over the twelve month period prior to the issue of the options.

The actual and weighted average exercise price of outstanding share options is £1.

26 Obligations under operating leases

	31 March 2014 Group £000	31 March 2013 Group £000
Land and buildings		
Less than one year	305	325
Between one and two years	-	282
Between three and five years	-	-
Over five years	-	-
	305	607

The Company did not have any obligations under operating leases at 31 March 2014 or 31 March 2013.

27 Commitments

There were no outstanding capital commitments at 31 March 2014 (31 March 2013: £nil).

28 Events after the balance sheet date

There are no significant post-balance sheet events.

29 Related party transactions

	31 March 2014 Group and Company £000	31 March 2013 Group and Company £000
Remuneration of key management personnel		
Salaries and fees	347	254
Social Security Costs	95	14
Pension costs	12	12
Share-based payment	338	-
	<u>792</u>	<u>280</u>

The company also made the following related-party transactions:

Blackwell Ventures Limited (a company controlled by P B Blackwell, director and shareholder):

Travel expenses were reimbursed to Blackwell Ventures Limited in the following periods for the following amounts: 31st March 2012 £1,228, 31st March 2013 £3,297 and for the year to 31st March 2014 £158.

On 21st January 2014 Blackwell Ventures Limited ("BVL") acquired a collection of 5 volumes of books from Bookbank Limited for £100,000. These books have been placed for sale under an agency agreement with Bookbank Limited. Under the terms of this agreement Bookbank Limited will be paid between 20 and 100 per cent of the gross value of the books when sold, depending on the price obtained for the books. In addition, Bookbank Limited has the option to acquire the books from BVL for £112,000 on or before 21st April 2014.

Ultimate Library Limited:

Ultimate Library Limited was owned by Philip Blackwell, a director of the company. In the year ended 31st March 2012, the company acquired the trade and assets of Ultimate Library Limited. Total consideration of £147,000 was paid on an arm's length basis. The amount due to Ultimate Library Limited was 31st March 2012 £nil, 31st March 2013 £nil and 31st March 2014 £nil.

Bibliopole Limited (a company controlled by B J Shapero, a member of the Group's key management personnel):

The company sold books on an arm's length basis to Bibliopole Limited in the following periods for the following amounts: 31st March 2012 £nil, 31st March 2013 £11,850 and 30th March 2014 £nil.

The company also paid commission for the sale of Bibliopole Limited's share in books held by the company of £17,390 in the year ended 31st March 2013 and £17,127 in the year ended 31st March 2014. The company has also made an interest free loan to Bibliopole Limited, the balance due being at 31st March 2012 £51,133, 31st March 2013 £42,640 and 31st March 2014 £25,513.

In the year ended 31st March 2012, the company purchased a 50 per cent interest in stocks for £75,000 from Bibliopole Limited and paid £50,000 for the waiver and release of overage obligations between the company and Bibliopole Limited. The benefit of these overage obligations was assigned to Bibliopole Limited by Stocklight Limited during the year.

29 Related party transactions continued

Stocklight Limited

B Shapereo had a material shareholding in Stocklight Limited. In the year ended 31st March 2012 the company acquired the assets of Stocklight Limited. Total consideration of £1,123,221 was paid for stock and £129,811 for fixed assets on an arm's length basis. The amount due to Stocklight Limited was 31st March 2012 £nil, 31st March 2013 £nil and 31st March 2014 £nil.

Loan notes

On 10th February 2012 the company adopted a loan note instrument pursuant to which it issued on the same date an aggregate of £2,135,438 five year secured variable rate loan notes to Philip Blackwell (£773,464), Thomas James Jennings CBE (£729,266), Bateman Street Investments LLP (£457,708), Toby Blackwell Limited (£125,000) and the Canova Trust (£50,000). These loan notes plus accrued interest of £227,590 were ultimately converted into 2,363,028 ordinary 0.01 shares in the company. Interest of £152,826 and associated observer fees of £105,894 were paid in the year.

Directors' and shareholders' loans

On 10th February 2012 the company entered a facility agreement with Thomas James Jennings CBE, Bateman Street Investments LLP and the Canova Trust pursuant to which the Lenders provided a revolving credit facility of a total principal amount not exceeding £350,000 in aggregate. At 31st March 2012, 2013 and 2014 £350,000 was outstanding under the facility.

During the year to 31st March 2014 an aggregate £273,000 was advanced to the company by Bateman Street Investments LLP, Thomas James Jennings CBE, Philip Blackwell and Pierre-Yves Guillemet. Mr Guillemet is a member of the Group's key management personnel. On 3rd March 2014 £90,000 was repaid leaving £183,000 outstanding at 31st March 2014. As at (ref to note 22) 31st March 2014 interest of £11,834 was owed on these two loans.

Sponsorship Agreement

On 10th February 2012 Bookbank Limited entered a sponsorship agreement with Sorbus Holdco Limited (a company controlled by Thomas James Jennings CBE) for the payment of £36,436 per annum to Sorbus in return for the grant to Bookbank Limited of the "Sponsorship Rights", being the right to display the Shapero Rare Books mark on the bonnet of Sorbus' motor vehicle. This sponsorship agreement was terminated by consent without liability from either party to the other subsequent to 30th September 2013.

Purchase of antique globes

Between March 2012 and June 2013 Pierre-Yves Guillemet sold antique globes to the company at fair-market value determined by the directors as £212,933.

Purchase of an interest in an antiquarian map

On 5th December 2011 the company borrowed an aggregate £52,000 from Thomas James Jennings CBE, Philip Blackwell and Bateman Street Investments LLP in order to acquire a half share in an antiquarian map. Under the terms of this agreement the company will pay Thomas James Jennings CBE, Philip Blackwell and Bateman Street Investments LLP 50 per cent of any future profits realised on the sale of the map over and above £52,000. This balance remains outstanding.

29 Related party transactions continued

Replacement share options:

Bernard Shapero (key management personnel):

On 27th February 2014, an option was granted to Bernard Shapero over 19,461 ordinary shares of 20p each in Bookbank Limited at an exercise price of £2.57 per share.

On 24th March 2014 an option was granted to Bernard Shapero under the Bookbank Replacement Share Option Plan, this being in exchange for Bernard Shapero's options over shares in Bookbank Limited which were surrendered on the same date. In total 324,736 ordinary shares of £0.10 in the company were granted to Bernard Shapero at an exercise price of £0.154. The options are not subject to exercise conditions and may be exercised at any time.

Pierre-Yves Guillement (key management personnel)

Replacement share options have also been granted to Pierre-Yves Guillement. In total 74,939 ordinary shares of £0.10 in the company were granted to Pierre-Yves Guillement at an exercise price of £0.154. The options are not subject to exercise conditions and may be exercised at any time.

Key management advances and credits

Interest is charged on B Shapero's overdrawn loan account at a rate of 4% per annum.

	31 March 2012 £	31 March 2013 £	31 March 2014 £
Opening balance	-	8,076	27,068
Amounts advanced	13,076	33,473	70,232
Amounts repaid	(5,000)	(14,481)	(97,300)
Closing balance	8,076	27,068	-

The balances on the advances are being repaid by means of deductions from net pay. The maximum balance on the loan account in the relevant year was: 31 March 2012: £13,076, 31 March 2013 £32,010 and 31 March 2014 £44,683.

Transactions with subsidiaries of the Company

In the period the Company made an administrative charge for management expenses to Bookbank Limited of £50,000.

30 Transition to IFRS

The company's financial statements have been prepared using IFRSs for all periods presented. There were no material adjustments required from the results reported under the company's previous results prepared under United Kingdom Generally Accepted Accounting Practices.

31 Control

The company is controlled by a small number of shareholders, none of whom has overall control.

