SCHOLIUM
GROUP

Annual Report & Financial Statements

for the Year Ended 31 March 2016

Summary Information

Scholium is engaged in the business of art. Its primary operating subsidiary is Shapero Rare Books which is one of the leading UK and international dealers in rare and antiquarian books and works on paper.

The group also trades alongside other third party dealers in the broader arts and collectibles business via its subsidiary, Scholium Trading.

Operational Highlights

- Stabilisation of performance in core operating areas
- Careful management of cash resources and costs
- Elimination of operating losses

Financial Highlights

Years Ended 31 March (all figures '000)		**2016**	**2015**
Revenue	+30.5%	6,742	5,166
Gross Profit	+25.5%	2,376	1,893
Gross Margin	-1.4%	35%	37%
Adjusted Operating Profit[1]		24	(523)
Cash		1,309	2,122
NAV/Share		74.6p	74.7p

[1] Before exceptional costs

Contents Page

Company Information

Officers of the Company

Jasper Allen	Chairman
Simon Southwood	Finance Director
Charles Sebag-Montefiore	Senior Independent Non-Executive
Philip Blackwell	Non-Executive
Thomas James Jennings CBE	Non-Executive
Graham Noble	Non-Executive
Amanda Bateman	Company Secretary

Registered Office

32 St George Street
London W1S 2EA

Solicitors

Gordon Dadds LLP
80 Brook Street
London
W1K 5DD

Broker & Nominated Adviser

W H Ireland
24 Martin Lane
London EC4R 0DR

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
BR3 4TU

Auditors

Wenn Townsend
30 Giles Street
Oxford OX1 3LE

Company Website

http://scholiumgroup.com/

Registration Number

Registered in England and Wales with
Number 08833975

Chairman's Statement

I am very pleased to report, on behalf of your board, that the trend we saw in the first half of the financial year continued through to the second half: the market in our core areas stabilised, and the business returned to operational profitability.

The UK referendum on EU membership has caused uncertainty in the first trading quarter, but we hope this trend is reversed with a number of new marketing initiatives.

The Group remains well capitalised with strong stock, over £1.3 million in cash and no debt at the year end.

Business Review

The Group's ambition at the beginning of the financial year was to generate an increased return on its assets whilst managing costs in order to bring the group back to profitability. This was achieved.

Sales increased due to greater activity generally both in rare books trading and in our wider trading activities. Shapero Modern made a useful contribution to sales and profits in the year. There has been an increased emphasis on marketing the business more widely.

We have continued to attend the major trade fairs as in previous years, and are pleased with the results achieved generally through the production of high quality catalogues. We have increased the emphasis on publications relating to politics, philosophy, economics and modern first editions and have had a number of successful results.

We are also very happy to have renewed our lease at 32 St. George Street for a further five years. The property market in Central London has inflated in recent years but we have offset much of the increase in rent by licensing the third floor of the building to a third party.

Revenue for the year of £6.7 million (2015: £5.2 million) generated adjusted operating profit of £0.02 million.

Staff

As ever, our dedicated employees have contributed significantly to the restoration of operating profitability of the Group in the year and I would like to take this opportunity of thanking them again for their hard work and effort in what has been a challenging year.

Current Trading and Prospects

The business remains well capitalised with high quality stock and, at the year end, had net assets of £10.2 million including £1.3 million of cash. These are equivalent to 75.0p and 9.5p per ordinary share respectively.

Despite a pleasing performance in the year ended 31 March 2016 compared with the previous year, we are aware of the requirement to make even better returns from our strong asset base. We continue to seek opportunities for organic growth and to encourage bright and knowledgeable people with specialist knowledge of their markets to join us.

The financial year started slower than expected: levels of activity in our core markets continued to be positive but, consistent with the broader experience of business confidence in the UK leading up to the UK referendum on EU membership, our customers have been delaying material discretionary purchases.

In the current year, we hope increased marketing in international venues, including the US, will enable us to benefit from weaker Sterling. We are also pleased to note that interest and activity in our Russian department has started to return.

Jasper Allen
6 July 2016

STRATEGIC REPORT

This report provides an overview of our strategy and of our business model; gives a review of the performance of the business 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 & Review of the Business

The Group is engaged in the business of fine art and collectibles. It is typically engaged as a dealer — buying, owning and selling rare & collectible items objects for a profit. It does this on its own or alongside third party dealers in rare and collectible goods.

Shapero Rare Books is the core of the Group. It is a leading international dealer in rare and collectible antiquarian books and works on paper with special expertise in Natural History, Russian and Travel books. It is also developing its Shapero Modern brand which deals in modern and contemporary prints and editions by better-known artists who already have commercial success.

Scholium Trading is the newest member of the Group. Based upon recognition that art dealers are often undercapitalised, it works alongside these dealers in the broader rare and collectibles market where they have the expertise and the clients, but not the capital, to trade in their markets.

The Group maintains value from ownership of its stock and generates value through its expertise, astute buying and the profitable sale of stock.

Strategy & Key Objectives

The Company is seeking to grow its businesses organically through reinvestment of profits in high quality stock. Our key objectives are to:

- Increase the profitable trade of Shapero Rare Books and Shapero Modern through increased sales, selective purchasing and management of the cost base;
- Develop Scholium Trading to be the 'first call' for dealers in high value rare and collectible items seeking support in their trading items which exceed their immediate financial capacity; and
- Seek to expand the group by encouraging new teams — that have specialist expertise in their markets and are seeking a well-capitalised company from which to trade — to join Scholium.

Review of the Year from Continuing Operations

The Group had a welcome return to operating profitability (before exceptional items of expenditure) in the year. Revenue increased by 30.5% to £6.8 million as a consequence of stabilisation in our core market and increased revenue and profits from new initiatives and the development of new departments.

Scholium Trading and Shapero Modern continued to provide valuable revenue streams, and we are happy with the support we have been able to give our market through Scholium Trading, where much of the trade has taken place amongst dealers known to us through our core books and works on paper expertise. Our current principal KPIs are:

- 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.

Key Performance Indicators

Years Ended 31 March (all figures '000)	2016	2015	Variance
Revenue	6,742	5,166	+30.5%
Gross Profit	2,376	1,893	+25.5%
Gross Margin	35%	37%	-1.4%
Stock Turnover (months)	20.64	22.25	+7.2%
Gross Yield	32%	31%	+0.4%

Both Shapero Rare Books and Scholium Trading achieved profitably through the year. Encouragingly, stock turnover dropped to 20.6 months (2015: 22 months) and the gross profit as a percentage of the average stock levels increased to 32% (2015: 31%). Gross margin reduced to 35% (2015: 37%) reflecting, in large part, a desire of management to generate increased profits at slightly lower margins.

Analysis of revenue and profit by department

Year ending March 2016 (all figures £'000)

	Shapero Rare Books	Scholium Trading	Central	Consolidated
Revenue	5,609	1,133	0	6,742
Gross Profit	2,172	204	0	2,376
Gross Margin	39%	18%	n/a	35%
Adjusted Operating Profit	192	188	-356	24

The business achieved growth across all business units. Shapero Rare Books' revenue grew to £5.6 million (2015: £4.4 million) delivering operating profit of £0.2 million (2015 loss of £0.2 million). Gross margin in the year dropped to 39% (2015: 41%) as the team successfully sought to drive profits through margin reduction.

As expected, Scholium Trading's business increased during the year (profitability up by more than 50%) and it provided a valuable contribution of £0.2 million (2015: £0.1 million) to group profitability. The gross margin in Trading increased to 18% (2015: 13%). As expected, this is lower than the margin in Shapero Rare Books and reflects the payment of incentives to partners that the Group trades alongside.

Management also reduced central costs to £0.4 million (2015: £0.5 million). Overall, it is pleasing that almost all of our increase in gross profit has flowed to the bottom line.

Year ending March 2015 (all figures £'000)

	Shapero Rare Books	Scholium Trading	Central	Consolidated
Revenue	4,440	720	-	5,160
Gross Profit	1,800	90	-	1,890
Gross Margin	41%	13%	0%	37%
Operating Profit	(130)	90	(483)	(523)

Dividend

The Board does not propose to declare a final dividend for the current year.

Principal Risks & 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 business of Shapero Rare Books is reliant upon individual works and collections of works coming onto the market and upon the Group being able to access those business opportunities. There is no guarantee that fresh stock will come onto the market in sufficient quantities to meet the Group's plans for continued growth.

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

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 international trade fairs and as a result places are highly sought after. Whilst members of the Group have been exhibiting at these fairs for many years, there can be no certainty that it will continue to secure a place in the future.

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 Bonhams, as well as smaller auctioneers and a large number of dealers and smaller operators.

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

Co-owned rare and collectible goods

In the case of high value items or collections, the Group will often acquire the items jointly with another 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 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. The Directors believe that the location is highly desirable and an important factor in the success of the business as a whole.

Terms of sale

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

(i) transfer of ownership and risk,

(ii) contract formation,

(iii) price and payment,

(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.

For and on behalf of the Board

Simon Southwood
Finance Director
6 July 2016

Directors' Report

The Directors present their annual report and the audited financial statements for the period ended 31 March 2016.

Results and dividend

The results of the Group are discussed in the Strategic Report. Further details are shown in the consolidated statement of comprehensive income on page 15 and the related notes.

The directors intend to adopt a dividend policy that takes into account the Group's expected future profitability, underlying growth prospects, availability of cash and distributable reserves, and the need for funding to support the development of the business.

The Board will not declare a final dividend for the current year (2015: no dividend).

Capital structure

The Company has outstanding options over the share capital of the Company to members of the Board and to certain current and ex-employees amounting to 352,000 ordinary shares (2015: 704,000 ordinary shares) which if exercised would be equivalent to 2.52% of the current fully diluted share capital of the Company. No new share options were issued in the year. See also Directors' interests below and notes 23 and 24.

The shares of the Company are admitted to trading on AIM, a market operated by the London Stock Exchange plc.

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 24. 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 13.

Directors

The Directors of the Company are:

Name	Function
Jasper Allen [1,2,3]	Chairman
Simon Southwood	Finance Director
Charles Sebag-Montefiore [1,3]	Senior Independent Non-Executive Director
Philip Blackwell	Non-Executive Director
Thomas James Jennings CBE [2]	Non-Executive Director
Graham Noble [1,2,3]	Non-Executive Director

*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 2016	Percentage of issued share capital 2016	Number of ordinary shares 2015	Percentage of issued share capital 2015
Jasper Allen	100,000	0.8	100,000	0.8
Philip Blackwell	1,983,466	14.6	1,983,466	14.6
Simon Southwood	20,000	0.1	20,000	0.1
Charles Sebag-Montefiore	40,000	0.3	40,000	0.3
Thomas James Jennings CBE	2,931,320	21.6	2,931,320	21.6
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 2016	Number of incentivisation scheme share options 2015
Jasper Allen	21,000	42,000
Philip Blackwell	73,000	146,000
Simon Southwood	21,000	42,000
Charles Sebag-Montefiore	-	-
Thomas James Jennings CBE	7,000	14,000
Graham Noble	7,000	14,000

Directors' remuneration for the year to 31 March 2016:

Director	Salary/fees £	Benefits £	Bonus £	Total £
Jasper Allen	69,167	1,414	-	70,581
Philip Blackwell[2]	49,000	894	-	49,894
Simon Southwood	72,917	387	-	73,304
Charles Sebag-Montefiore	25,002	-	-	25,002
Thomas James Jennings CBE	25,000	-	-	25,000
Graham Noble	25,000	-	-	25,000
	266,086	2,695	-	268,781

[2] Includes payment for loss of office of £24,000

Directors' remuneration for the year to 31 March 2015:

Director	Salary/fees £	Bonus £	Total £
Jasper Allen	60,000	-	60,000
Philip Blackwell	125,000	-	125,000
Simon Southwood	50,000	-	50,000
Charles Sebag-Montefiore	25,002	-	25,002
Thomas James Jennings CBE	25,000	-	25,000
Graham Noble	25,000	-	25,000
	310,002	-	310,002

Political and charitable donations

The Group made charitable donations of £1,150 in the year (2015: £600).

Post-balance sheet events

There have been no material events directly affecting the Group since the balance sheet date. The potential effect on the Group's business of uncertainty arising from the UK referendum on EU membership is still being assessed by the Board.

Major Shareholders

Those shareholders with disclosable interests were as follows:

	No. of Shares June 2016	% holding June 2016	Shares June 2015	% holding June 2015
Thomas James (Shamus) Jennings CBE	2,931,320	21.55%	2,931,320	21.55%
ISIS EP LLP	2,000,000	14.71%	2,000,000	14.71%
Philip Blackwell	1,983,466	14.58%	1,983,466	14.58%
Bateman Street Investments LLP	1,495,574	11.00%	1,495,574	11.00%
City Asset Management	554,842	4.08%	460,369	3.39%

Auditor

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

- so far as he was aware, there was no relevant available information of which the Company's auditor is unaware: and
- that Director has taken all steps that he 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 has introduced 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. The Board holds 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 ensuring that the financial performance of the Company is properly measured and reported on. It receives 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 meets no less than three times each financial year and has 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

Notice of the Annual General Meeting of the Company for 2016 is on page 41.

On behalf of the Board

Simon Southwood
Director
6 July 2016

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:

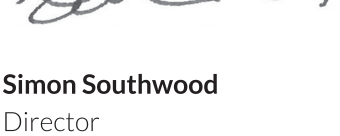
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the 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
6 July 2016

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 2016 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 Directors' Responsibilities Statement, 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 Auditing Practices Board'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 2016 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 Chartered Accountants (Statutory auditor)
Date: 6 July 2016

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 Mar 2016 £000	Year ended 31 Mar 2015 £000
Revenue	5	6,742	5,166
Cost of Sales		(4,366)	(3,273)
Gross profit		2,376	1,893
		-	-
Distribution costs		(345)	(268)
		-	-
		-	-
Administrative expenses		(2,007)	(2,148)
Group expenses/recharges		-	-
		-	-
Exceptional gains and losses	11	(24)	-
		-	-
Total administrative expenses		(2,031)	(2,148)
Loss from operations		-	(523)
Adjusted operating profit before exceptional gains and losses		24	(523)
Exceptional gains and losses		(24)	-
Loss from operations		-	(523)
Financial income	12	2	-
Financial expenses	13	(5)	(6)
		-	-
Loss before taxation		(3)	(529)
		-	-
Income tax credit/(expense)	14	(3)	29
		-	-
Loss for the year from continuing operations		(6)	(500)
Discontinued operations			
(Loss)/profit for the year from discontinued operations		(10)	24
Loss for the year and total comprehensive income attributable to equity holders of the parent company		(16)	(476)
Basic and diluted loss per share:			
From continued operations – pence	15	(0.05)	(3.71)
From discontinued operations - pence	15	(0.07)	0.18
Total loss per share - pence	15	(0.12)	(3.53)

The notes on pages 22 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

	Note	31 Mar 2016 £000	31 Mar 2015 £000
Assets			
Non-current assets			
Property, plant and equipment	16	92	92
Deferred corporation tax asset	18	277	280
		369	372
Current assets			
Inventories	19	7,550	7,471
Trade and other receivables	20	2,034	1,694
Cash and cash equivalents	21	1,309	2,122
		10,893	11,287
Assets of disposal group classified as held for sale	28	-	162
Total assets		11,262	11,821
Current liabilities			
Trade and other payables	22	1,115	1,634
Total current liabilities		1,115	1,634
Liabilities of disposal group classified as held for sale	28	-	24
Total liabilities		1,115	1,658
Net assets/liabilities		10,147	10,163
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	23	136	136
Share Premium		9,516	9,516
Merger reserve		82	82
Retained earnings/(deficit)		413	429
Total equity		10,147	10,163

The notes on pages 22 to 40 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 6 July 2015.

S Southwood

Director

Consolidated Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger reserve £000	Retained deficit £000	Total Equity £000
Balance at 1 April 2014	132	9,458	82	1,109	10,781
Loss for the year from continued and discontinued operations	-	-	-	(476)	(476)
Total comprehensive income for the period	-	-	-	(476)	(476)
Shares issued in the period	4	58	-	-	62
Dividends paid	-	-	-	(204)	(204)
Balance at 31 March 2015	**136**	**9,516**	**82**	**429**	**10,163**
Loss for the year	-	-	-	(16)	(16)
Total comprehensive income for the period	-	-	-	(16)	(16)
Balance at 31 March 2016	**136**	**9,516**	**82**	**413**	**10,147**

There were no transactions with owners in the year.

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

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

The notes on pages 22 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Mar 2016 £000	31 Mar 2015 £000
Cash flows from operating activities		
Loss before tax	(16)	(505)
Depreciation of property, plant and equipment	31	44
Amortisation of intangible assets	-	8
Profit on disposal of discontinued operation	(8)	-
	7	(453)
Increase in inventories [1]	(79)	(2,930)
(Increase)/decrease in trade and other receivables [1]	(337)	102
Decrease in trade and other payables [1]	(514)	(1,639)
Net cash generated from operating activities	(923)	(4,920)
Cash flows from investing activities		
Purchase of property, plant and equipment	(31)	(38)
Disposal of discontinued operation	146	-
Net cash used in investing activities	115	(38)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	-	62
Repayment of shareholder loans	-	(350)
Dividends paid	-	(204)
Interest paid	(5)	(6)
Net cash used in financing activities	(5)	(498)
Net decrease in cash and cash equivalents	(813)	(5,456)
Cash and cash equivalents at the beginning of the year	2,122	7,578
Cash and cash equivalents at the end of the year	1,309	2,122

[1] Adjusted for inventories, other receivables and trade and other payables held in disposal group as at 31 March 2015.

The notes on pages 22 to 40 form part of these financial statements.

Company Statement of Financial Position

	Note	31 Mar 2016 £000	31 Mar 2015 £000
Assets			
Non-current assets			
Group Investments	17	5,200	5,200
		5,200	5,200
Current assets			
Trade and other receivables	20	6,322	5,527
Cash and cash equivalents		913	1,965
		7,235	7,492
Total assets		12,435	12,692
Current liabilities			
Trade and other payables	22	91	79
Total current liabilities		91	79
Total liabilities		91	79
Net assets/liabilities		12,344	12,613
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	23	136	136
Share Premium		9,516	9,516
Merger reserve		2,809	2,809
Retained earnings/(deficit)		(117)	152
Total equity		12,344	12,613

The financial statements were approved by the Board of Directors and authorised for issue on 6 July 2015.

S Southwood

Director

The notes on pages 22 to 40 form part of these financial statements.

Statement of Changes in Company Equity

	Share Capital £	Share Premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 April 2014	132	9,458	2,809	165	12,564
Profit for the year	-	-	-	191	191
Total comprehensive income for the period	-	-	-	191	191
Shares issued in the period	4	58	-	-	62
Dividends paid	-	-	-	(204)	(204)
Balance at 31 March 2015	136	9,516	2,809	152	12,613
Loss for the year	-	-	-	(269)	(269)
Total comprehensive income for the period				(269)	(269)
Balance at 31 March 2016	**136**	**9,516**	**2,809**	**(117)**	**12,344**

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 earnings/(deficit)	Cumulative profit/(loss) of the Group attributable to equity shareholders.

The notes on pages 22 to 40 form part of these financial statements.

Company Cashflow

	31 Mar 2016 £000	31 Mar 2015 £000
Cash flows from operating activities		
(Loss)/profit before tax	(269)	184
Decrease/(increase) in trade and other receivables	(795)	(5,020)
Increase/(decrease) in trade and other payables	12	(490)
Net cash used in operating activities	(1,052)	(5,326)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	-	62
Dividends paid	-	(204)
Net cash used in financing activities	-	(142)
Net decrease in cash and cash equivalents	(1,052)	(5,468)
Cash and cash equivalents at the beginning of the year	1,965	7,433
Cash and cash equivalents at the end of the year	913	1,965

The notes on pages 22 to 40 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 is 32 St George Street, London W1S 2EA.

2 Basis of preparation and accounting policies

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

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements for the years ended 31 March 2015 and 31 March 2016 are set out below. 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 profit for the year included a loss on ordinary activities after tax of £269,000 for the Company (2015: a profit on ordinary activities after tax of £191,000).

Changes to accounting policies since the last period

The following standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are both relevant and 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:

Annual improvements to IFRSs 2011-2013 Cycle, effective for periods commencing on or after 1 February 2015.

Annual improvements to IFRSs 2010-2012 Cycle, effective for periods commencing on or after 1 February 2015.

Management is assessing the following standards, which are not a full list of those coming into effect, for the impact on the Group:

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective date for accounting periods from 1 January 2016).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective date for accounting periods from 1 January 2016).

Annual improvements to IFRSs 2012-2014 Cycle (effective date for accounting periods from 1 January 2016).

2 Basis of preparation and accounting policies continued

Changes to accounting policies since the last period continued

Amendments to IAS 1: Disclosure Initiative (effective date for accounting periods from 1 January 2016).

Amendments to IAS 27: Equity Method in Separate Financial Statements (effective date for accounting periods from 1 January 2016).

Amendments to IAS 7: Disclosure Initiative (effective date for accounting periods from 1 January 2017).

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective date for accounting periods from 1 January 2017). Not yet endorsed for use in the EU.

IFRS 9 'Financial Instruments' (effective date for accounting periods from 1 January 2018). This standard has not yet been endorsed for use in the EU.

IFRS 15 'Revenue from contracts with Customers' (effective date for accounting periods from 1 January 2018). This standard has not yet been endorsed for use in the EU.

IFRS 16: Leases (effective date for accounting periods from 1 January 2019). This standard has not yet been endorsed for use in the EU, however it is expected to have a material impact for the Group.

The other standards not yet in effect and are not expected to have a material impact on the Group or Company.

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 2016 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 Shapero Rare Books Limited (formerly Bookbank Limited). The value of one share in the Company was equivalent to the value of one share in Shapero Rare Books 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 referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company was 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.

2 Basis of preparation and accounting policies continued

Capital reorganisation and the merger reserve continued

The Company recognised the value of its investment in Shapero Rare Books Limited (formerly Bookbank Limited) at fair-value based upon the initial share placing price on admission to AIM. This was 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.

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.

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.

2 Basis of preparation and accounting policies continued

Loans and receivables continued

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.

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.

2 Basis of preparation and accounting policies continued

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 reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

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.

2 Basis of preparation and accounting policies continued

Share-based payments continued

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.

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.

2 Basis of preparation and accounting policies continued

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 its inventories, and the valuation of share-based payment expenses.

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 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.

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 2016, 31 March 2015 and 31 March 2014.

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.

4 Financial instruments – risk management continued

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 2016 the Group has trade receivables of £1,577,000 (2015:£1,164,000).

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 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 21.

Capital Management

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £10.147 million (31 March 2015: £10.163 million).

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 Mar 2016 Group £000	31 Mar 2015 Group £000
Sales of books and other stock	**6,727**	5,057
Commissions	**15**	81
Other income	**-**	28
	6,742	5,166

6 Profit Before Taxation

Profit before taxation is after charging/(crediting):

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Depreciation of property, plant and equipment	31	44
Amortisation of intangible assets	-	8
Operating lease rentals	338	312
Foreign currency losses	1	8
Employee costs (note 7)	1,015	1,009
Fees payable to the Company's auditor (note 9)	40	30

7 Employee costs including Directors

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Wages	884	919
Compensation for loss of office	24	-
Social security costs	88	75
Pension costs	12	12
Other employee benefits	6	3
	1,015	1,009

8 Average number of employees

	31 Mar 2016 Group Number	31 Mar 2015 Group Number
Management	6	6
Operations	10	14
	16	20

9 Auditors' remuneration

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Fees payable to the Company's auditor for the audit of the Company's consolidated financial statements	11	12
Fees payable to the Company's auditor for the audit of subsidiary undertakings of the Company	17	18
	28	30

10 Directors' remuneration

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Salaries and fees	242	310
Compensation for loss of office	24	-
Social security costs	18	26
Pension costs		
Other employee benefits	3	
	287	336
Information regarding the highest paid Director which comprises salary and benefits as follows	73	125

11 Exceptional items of expenditure

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Compensation for loss of office for Philip Blackwell	24	-
	24	-

12 Financial income

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Interest receivable	2	-
	2	-

13 Financial Expense

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Interest on shareholder loan notes and director loans	-	6
Interest on bank overdrafts	5	
	5	6

14 Income tax

	31 Mar 2016 £000	31 Mar 2015 £000
Current tax (credit)/expense		
Current tax	-	(7)
Deferred tax		
Origination and reversal of temporary differences	3	(22)
Total tax expense/(credit)	3	(29)

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

	31 Mar 2016 £000	31 Mar 2015 £000
Loss before tax	(3)	(529)
Applied corporation tax rates:	20.00%	20.00%
Tax at the UK corporation tax rate of 20%:	(1)	(106)
Expenses not deductible for tax purposes	1	6
Origination and reversal of temporary differences	3	71
Current tax charge/(credit)	3	(29)

15 Profit (Loss) per share

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Loss used in calculating basic and diluted earnings per share attributable to the owners of the parent	(6)	(500)
(Loss)/profit from discontinued operation	(10)	24
	(16)	(476)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	13,600,000	13,498,165
Basic loss per share from continuing operations (pence per share)	0.05	(3.71)
Basic loss per share from discontinued operations (pence per share)	0.07	0.18
Total basic and diluted earnings per share - pence	0.12	(3.53)

All shares issued in the year ending March 2015 arose from the exercise of employee share options. For further information see note 23.

15 Profit (Loss) per share continued

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.

16 Property, plant & equipment

	31 March 2016 Group £000 Bibliography	31 March 2016 Group £000 Plant & Machinery	31 March 2016 Group £000 Fixtures & Fittings	31 March 2016 Group £000 Total
Cost				
At 1 April 2014	84	76	19	179
Acquired in the year	4	12	22	38
Transferred to disposal group	-	(5)	(11)	(16)
At 31 March 2015	88	83	30	201
Acquired in the period	1	-	30	31
At 31 March 2016	89	83	60	232
Depreciation				
At 1 April 2014	24	42	9	75
Charge for the year	13	25	6	44
Reclassification	-	(3)	(7)	(10)
At 31 March 2015	37	64	8	109
Charge for the period	13	11	7	31
At 31 March 2016	50	75	15	140
Net book value				
At 31 March 2016	39	8	45	92
At 31 March 2015	51	17	22	92
At 31 March 2014	60	33	10	104

17 Investment in subsidiaries

	31 Mar 2016 Company £000
At 1 April 2015, 31 March 2015 and 31 March 2016	5,200

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

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

Name	Principal activity	Country of incorporation	Class of share held	Proportion of shares Held
Shapero Rare Books 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 collectible goods	UK	Ordinary	100%

18 Deferred Corporation Tax

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Balance at the beginning of the year	(280)	(258)
Income statement	3	(22)
Balance at the end of the year	(277)	(280)
The deferred tax asset comprises:		
Available losses	(280)	(283)
Other temporary and deductible differences	3	3
	(277)	(280)

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, at expected tax rates in future periods, of £370,000 (2015: £352,000) of which £280,000 has been recognised (2015 £283,000 recognised).

19 Inventories

	31 Mar 2016 Group £000	31 Mar 2015 Group £000
Finished goods	7,550	7,471
Finished goods expensed in the year	4,840	3,083

20 Trade & other receivables

	31 Mar 2016 Group £000	31 Mar 2015 Group £000	31 Mar 2016 Company £000	31 Mar 2015 Company £000
Trade debtors	1,577	1,164	-	261
Other debtors	15	221	4	175
Amounts due from Group undertaking			6,306	5,084
Prepayments and accrued income	442	309	12	7
	2,034	1,694	6,322	5,527

The age profile trade and other receivables comprise:	£000
Current	704
One month past due	329
Two months past due	43
Over three months past due	501
Provision for doubtful debts	-
	1,577

As at 31 March 2016, trade receivables of £nil (31 March 2015 £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 Financial Assets

The Group's financial assets comprise cash and cash equivalents.

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 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		1,309		2,122
	-0.5%	(7)	-0.5%	(11)
	-1.0%	(13)	-1.0%	(21)
	-1.5%	(20)	-1.5%	(32)
	+0.5%	7	+0.5%	11
	+1.0%	13	+1.0%	21
	+1.5%	20	+1.5%	32

22 Trade & other payables

	31 Mar 2016 Group £000	31 Mar 2015 Group £000	31 Mar 2016 Company £000	31 Mar 2015 Company £000
Trade creditors	526	1,136	28	-
Other taxes and social security	31	37	6	9
Group payables	-	-	-	-
Accruals and deferred income	460	363	18	23
Other creditors	98	98	39	47
	1,115	1,634	91	79

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

23 Share Capital

	31-Mar 2016 Group and Company £000	31-Mar 2015 Group and Company £000
Ordinary shares of £0.01 each		
At the beginning of the year	136	132
Issued in the year	-	4
At the end of the year	136	136

23 Share Capital continued

Number of shares Ordinary shares of £0.01 each	31-Mar 2016 Group and Company Number	31-Mar 2015 Group and Company Number
At the beginning of the year	**13,600,000**	13,200,325
Issued in the year	**-**	399,675
Placing of shares on admission to AIM	**-**	-
At the end of the year	**13,600,000**	13,600,000

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

24 Share-based payment arrangements

Scholium Group plc operated two equity-settled share based remuneration scheme for employees in the year.

The first scheme (EMI performance scheme) and the second 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. None of these options vested in 2016 (2015: nil). The required performance conditions were not achieved.

Equity-settled share-based payments in respect of the first and second schemes were measured on issue 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. No options were issued in the years ending 31 March 2015 and 2016 respectively.

Employee incentive schemes	31-Mar 2016 Group Exercise price	31-Mar 2016 Group Number	31-Mar 2015 Group Number
Number of options at the beginning of the period	**£1**	**704,000**	1,056,000
Number of options issued in the year	**£1**	**-**	-
Number of options lapsed in the year	**£1**	**(352,000)**	(352,000)
Number of options at the end of the year		**352,000**	704,000

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. In the year 352,000 Employee incentive scheme shares lapsed as the required performance conditions were not achieved.

24 Share-based payment arrangements continued

None of the remaining options are exercisable at 31 March 2016 (31 March 2015 nil).

The amount chargeable in the Company was £nil (2015: £nil).

None of the above options under any scheme were exercised in the period. The actual and weighted average exercise price of outstanding share options is £1.

25 Operating lease Commitments

	31 March 2016 £	31 March 2015 £
Land and buildings		
Less than one year	343,750	173,000
Between one and two years	343,750	-
Between three and five years	906,250	-
Over five years	-	-
	1,593,750	173,000
Plant and equipment		
Less than one year	13,126	-
Between one and two years	-	-
Between three and five years	-	-
Over five years	-	-
	13,126	-
Total operating leases		
Less than one year	356,876	173,000
Between one and two years	343,750	-
Between three and five years	906,250	-
Over five years	-	-
	1,606,876	-

26 Capital Commitments

There were no outstanding capital commitments at 31 March 2016 (31 March 2015: nil).

27 Post balance sheet date events

There have been no material events directly affecting the Group since the balance sheet date. The potential effect on the Group's business of uncertainty arising from the UK referendum on EU membership is still being assessed by the Board.

28 discontinued operations

On 2 April 2015 the Group entered into an agreement for the disposal of its South Kensington operations: South Kensington Books and Ultimate Library to a company controlled by Philip Blackwell a director of the company. The aggregate consideration was £145,802.

Assets of the disposal group held for sale	31-Mar 2016 Group and Company	31-Mar 2015 Group and Company
Property, plant and equipment	-	6
Other intangible assets	-	8
Inventory	-	126
Other current assets	-	22
	-	162
Liabilities of the disposal group held for sale		
Trade and other payables	-	24
Liabilities of the disposal group held for sale	-	
Net assets of the disposal group	-	138

The disposal assets are stated at fair-value less costs to sell. There were no material adjustments to the carrying values of the disposal group assets and liabilities.

Analysis of the result of discontinued operations is as follows:

Statement of comprehensive income	31-Mar 2016 Group and Company	31-Mar 2015 Group and Company
Revenues	-	783
Expenses	-	(759)
Profit before tax of discontinued operations	-	24
Taxation	-	-
Profit after tax of discontinued operations	-	24

The cash flows attributable to the discontinued operations were as follows:

Cash flows	31-Mar 2016 Group and Company	31-Mar 2015 Group and Company
Operating cash flows	-	11
Investing cash flows	-	6
Financing cash flows	-	-
Total cash flows	-	5

29 Related party transactions

Blackwell Ventures Limited

On 2 April 2015 the Group entered into an agreement for the disposal of its South Kensington operations: South Kensington Books and Ultimate Library to a company controlled by Philip Blackwell a director of the company. For further information see note 28. The aggregate consideration was £145,802. The resulting profit on the sale after the disposal of the assets before professional fees was approximately £6,000 but, after associated legal and professional costs, the sale resulted in a net loss of £10,869.

Bibliopole Limited (a company in which B Shapero is an investor, a member of the Group's key management personnel):

The Company also paid commission for the sale of Bibliopole Limited's share in books held by the company of £21,679 in the year ended 31st March 2016 (2015: 19,816). The Company also made an interest free loan to Bibliopole Limited, the balance due being at 31st March 2016 £nil (2015: £22,824).

Director & shareholder loans

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. This loan was repaid during April 2014.

Key Management Advances, Credits and Transactions

Jasper likes books: during the year, he bought £1,848 of stock (2015 - £1,150). On 31 March 2015, he owed the Company £1,317 (2014: £3,466).

Exercise of Share Options

Bernard Shapero and Pierre-Yves Guillemet, both senior managers of the Group, exercised options over 324,736 shares and 74,939 shares respectively on 07 July 2014.

Transactions with subsidiaries of the Company

In the period the Company made an administrative charge for management expenses to Shapero Rare Books Limited of £66,768 (2015: £121,968) and to Scholium Trading Limited £61,128 (2015: £101,028). At the year- end Scholium Trading owed the Company £1,044,883 (2015: £415,295) and Shapero Rare Books owed the Company £5,261,276 (2015: £4,668,296).

Repayment of a shareholder investment linked to profit participation on sale of a stock item.

On 5th December 2011 the company borrowed an aggregate £52,000 from Thomas James Jennings CBE, Philip Blackwell Graham Noble and John James (the 'map lenders') in order to acquire a half share in an antiquarian map. The half share was sold on 31 March 2016 for an aggregate amount of £200,000, £126,000 of which will be paid to the map lenders per the 2011 agreement.

30 Control

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Scholium Group plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, please complete the form of proxy and return it in accordance with the instructions printed on it so as to reach the Company's registrar no later than 10.30 a.m. on Wednesday, 7 September 2016. Further details are given in the notes to this document on page 4. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

NOTICE OF ANNUAL GENERAL MEETING

Scholium Group plc

(registered in England and Wales No. 8833975)

Notice is hereby given that the annual general meeting (AGM) of Scholium Group plc (the Company) will be held at 32 St George Street, London W1S 2EA on Friday, 9 September 2016 at 10.30 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1-5 shall be proposed as ordinary resolutions and resolutions 6 and 7 shall be proposed as special resolutions:

Resolution 1
To receive and adopt the accounts for the financial year ended 31 March 2016 together with the reports of the directors of the Company and the auditors of the Company thereon.

Resolution 2
To receive and approve the directors' remuneration report for the financial year ended 31 March 2016.

Resolution 3
To re-appoint Wenn Townsend as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the next AGM of the Company.

Resolution 4
To authorise the directors to determine the remuneration of the auditors.

Resolution 5
THAT Jasper Allen be re-elected a director of the Company.

Resolution 6
THAT Philip Blackwell be re-elected a director of the Company.

Resolution 7
THAT in accordance with section 551 of the Companies Act 2006 (the Act), the directors of the Company be and they are hereby generally and unconditionally authorised in substitution for all existing authorities:

(a) to allot shares in the capital of the Company and to make offers or agreements to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (Relevant Securities) up to an aggregate nominal amount of £45,288; and

(b) to allot equity securities (as defined by section 560 of the Act) up to an additional nominal amount of £90,576 (such amount to be reduced by the nominal amount of any Relevant Securities allotted pursuant to the authority conferred in paragraph (a) above) in connection with an offer by way of a rights issue:

- in favour of the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- in favour of the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
- but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange.

This authority shall expire on the date of the next annual general meeting of the Company or 31 October 2017 whichever is earlier (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Resolution 8
THAT subject to the passing of Resolution 7, the directors be and they are hereby empowered to allot equity securities (as defined by section 560 of the Act) for cash, either pursuant to the authority conferred by resolution 7 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of a rights issue:

- in favour of the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- in favour of the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,
- but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) the allotment of equity securities up to an aggregate nominal amount of £6,800

and shall expire on the date of the next annual general meeting of the Company or 31 October 2017 whichever is earlier (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

Resolution 9
THAT the Company be and it is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (as defined in Section 693 of the Act) of ordinary shares of £0.01 each in the capital of the Company (Ordinary Shares) on such terms and in such manner as the directors may from time to time determine provided that:

the maximum aggregate number of Ordinary Shares which may be purchased is 1,360,000.

the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is £0.01.

the maximum price (exclusive of expenses) which may be paid for any Ordinary Share does not exceed 10% of the average of the middle market prices of the Ordinary Shares on the Daily Official List of the UK Listing Authority for the five business days immediate preceding the date on which the Company agrees to buy the shares concerned.

In exercising this authority the Company may purchase shares using any currency, including pounds sterling, US dollars and euros.

This authority shall expire on the conclusion of the next annual general meeting of the Company or on 31 October 2017, whichever is the earlier, provided that, the Company may before such expiry make a contract to purchase Ordinary Shares which will or may be executed or completed after such expiry.

By order of the Board

Amanda Bateman
Company Secretary

Date:6 July 2016

Registered Office:
32 St George Street
London
W1S 2EA

NOTES

Entitlement to attend and vote at the AGM

Only holders of ordinary shares are entitled to attend and vote at the AGM meeting.

Pursuant to the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the AGM (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company no later than 6.00pm on Wednesday, 7 September 2016. Changes to entries on the register of members after this time (or after 6.00pm on the day which is two days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Proxies

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the AGM. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A form of proxy for the meeting is enclosed with this notice.

To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company's registrar, Capita Asset Services at: PXS 1, The Registry, 34 Beckenham Road, Kent BR3 4ZF, no later than 10.30 am on Wednesday, 7 September 2016 or not less than 48 hours before the time of commencement of any adjourned meeting. If you are a CREST member, see note 7 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK and Ireland Limited's (Euroclear) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (IDRA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Right to ask Questions at the AGM

Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Documents available for inspection

Copies of executive directors' service agreements, copies of the terms and conditions of appointment of non-executive directors and a copy of the existing memorandum and articles of association will be available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the AGM (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting. A copy of this notice can be found at www.scholiumgroup.com.

Issued share capital and total voting rights

As at 6 July 2016 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 13,600,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 13,600,000.

Electronic Communications

You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated

.

Explanatory Notes

Explanatory notes to the Resolutions to be proposed to shareholders at the AGM are set out below:

Resolution 1

This resolution is to receive the Company's audited financial statements for the financial year ended 31 March 2016 as well as the reports of the Company's directors and the Company's auditors thereon. You can find the directors' report on pages 8 to 11 and the auditors' report on page 13 of the annual report and accounts for the year ended 31 March 2016.

Resolution 2

This resolution is to approve the directors' remuneration report for the financial year ended on 31 March 2016. You can find the remuneration report on pages 8 to 11 of the annual report and accounts for the year ended 31 March 2016.

Resolutions 3 and 4

These resolutions are for the re-appointment of Wenn Townsend as the Company's auditors to hold office until the next annual general meeting of the Company and to authorise the directors to fix their remuneration.

Resolutions 5 and 6

These resolutions are for the re-election of Jasper Allen and Philip Blackwell as directors of the Company.

Resolution 7

This resolution, which is an ordinary resolution, is to renew the directors' authority to allot Relevant Securities in the Company in accordance with section 551 of the Act. This resolution complies with guidance issued by the Association of British Insurers ('ABI') in December 2008 (and revised in November 2009) and will, if passed, authorise the directors to allot:

- Relevant Securities up to a maximum nominal amount of £45,288 which represents approximately 33.3% of the Company's issued ordinary shares (excluding treasury shares) as at 1 July 2016.
- in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £90,576 which represents approximately 66.6% of the Company's issued ordinary shares (excluding treasury shares) as at 1 July 2016. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out paragraph (a).

Therefore, the maximum nominal amount of Relevant Securities (including equity securities) which may be allotted under this resolution is £90,576.

As at close of business on 1 July 2016, the Company did not hold any treasury shares.

The authority granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2017 whichever is earlier.

The directors have no present intention to exercise this authority.

In this Note, 'Relevant Securities' has the meanings set out in Resolution 7

Resolution 8

This resolution will, if passed, give the directors power, pursuant to the authority to allot granted by Resolution 7, to allot equity securities (as defined by section 560 of the Act) or allot shares for cash without first offering them to existing shareholders in proportion to their existing holdings:

- in relation to a rights issue or other pre-emptive offer; and
- in any other case up to a maximum nominal amount of £6,800 which represents approximately 5% of the Company's issued ordinary shares (excluding treasury shares) as at 1 July 2016.

In compliance with the guidelines issued by the Pre-emption Group, the directors will ensure that, other than in relation to a rights issue, no more than 7.5% of the issued ordinary shares (excluding treasury shares) will be allotted for cash on a non pre-emptive basis over a rolling three year period unless shareholders have been notified and consulted in advance.

This Resolution complies with relevant guidance issued by the Pre-emption Group and the Association of British Insurers.

The power granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2017 whichever is earlier.

The directors consider the authority in Resolution 8 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict guidelines of the statutory pre-emption provisions.

Resolution 9

Authority is sought in Resolution 9 for the Company to be able to make market purchases of its own shares.

If passed, Resolution 9 will give the Company authority to purchase up to 1,360,000 of its ordinary shares, representing 10% of its issued share capital as at 1 July 2016 by way of market purchases.

Ordinary shares will not be purchased for a price less than one pence per share being the nominal value of each share, nor for more than 5% above the average middle market quotations of the ordinary shares over the preceding five business days nor will they be purchased during any period in which the Company is otherwise prohibited from making market purchases. Purchases will be made using available reserves. Once purchased Ordinary Shares will be cancelled and the number of shares in issue will be reduced accordingly.

The directors will only exercise this authority if they believe that the effect of such purchases will be to increase the underlying value per Ordinary Shares having regard to the interest of shareholders generally.

The authority granted by this Resolution will expire on the date of the next annual general meeting of the Company or 31 October 2017 whichever is earlier.

The Directors have no present intention of purchasing any shares pursuant to this authority