FINDEL PLC

29 November 2017

Findel plc ("Findel" or "the Group")

Interim Results for the 26 weeks ended 29 September 2017

Strong first half, driven by successful customer recruitment programme
Progress with digital transformation

Findel, the online value retail and education business, today announces its Interim Results for the 26 week period ended 29 September 2017.

Financial Summary

	26 weeks ended 29.09.17	27 weeks ended 30.09.16	Change
Revenue	£226.0m	£213.0m	+6.1%
Adjusted profit before tax*	£11.9m	£1.9m	+£10.1m
Profit / (loss) before tax	£8.1m	(£0.6m)	+£8.7m
Core net debt*	£90.0m	£94.5m	-£4.4m

* this is an Alternative Performance Measure for which a reconciliation to the equivalent GAAP measure can be found below

Highlights

- Strong sales performance in the first-half with Group like-for-like* revenue up 8.4% on prior year (reported revenue up 6.1%), driven by successful customer recruitment programme at Express Gifts
- Adjusted profit before tax* for H1 up by £10.1m to £11.9m, assisted in part by intra-year timing differences.
- Guidance for the full year remains unchanged
- Our largest business, Express Gifts, continues to show strong growth in customers and revenue
    - Additional H1 marketing activity to support the **Studio.co.uk** brand, together with improved retention rates, produced customer growth of 230k from September 2016. Active base now at 1.7m.
    - Like-for-like* product revenue growth of 15.8% in H1, assisted by timing differences on marketing activity. This % increase is higher than we expect to see in H2.
    - Particularly strong performances from clothing sales in H1, with a 23.9% increase in sales vs. H1 of prior year.
    - Online ordering increase from 54.7% to 66.4% in 12 months to September 2017.
    - Like-for-like* financial services revenue up 12.6% in H1.
    - New financial services account platform installed at the start of October.
    - Financial services income and bad debt levels performing to plan. The new bad debt provisioning model introduced in March 2017 produces favourable variances in H1 that will reverse in H2, particularly relating to the timing and quantum of sales of overdue customer receivables.
- The operational turnaround of Findel Education is proceeding in line with our plans
    - H1 revenue on like-for-like* basis down 6.9% (reported revenue down 7.8%).
    - New customer websites, lower prices and online price comparison tools rolled out in Q2.
    - Online ordering has increased significantly in the last few months from c.10% in March 2017 to over 25% in November 2017.
    - Operational cost savings from warehouse consolidation of c.£1.5m achieved in H1, with further cost saving initiatives in progress to benefit FY19.

- Core net debt* of £90.0m at half year reduced by £4.4m, primarily due to timing differences on sales of overdue customer receivables
    - Customer refund programme at Express Gifts proceeding to plan with total cash outflow of £8.4m in H1.
    - Express Gifts securitisation facility recently increased to £170m, up from £155m, to accommodate future sales and receivables growth.

Outlook

The strong performance from Express Gifts in the first half, with continued growth in customer numbers and sales, provides the basis for sustainable medium-term profit growth. This is alongside the turnaround of Findel Education.

At a time where retail markets are seeing more caution from consumers, the **Studio.co.uk** proposition appears to be attractive and relevant to value-conscious customers. Our successful customer recruitment programme leaves us on course to achieve 2 million active customers at Express Gifts over the next 2 to 3 years.

We remain on track to meet full year expectations, and our earnings and net debt guidance remains unchanged.

Phil Maudsley, Group CEO, commented:

"We set out a clear set of objectives at the time of our full-year results in June and I'm delighted to report a period of strong delivery against those plans.

Express Gifts continues to perform strongly via its strengthened **Studio.co.uk** brand. Market awareness of our exceptional value offer continues to grow, and our online value retail proposition is proving particularly attractive at a time of tighter household budgets in the UK. In particular, customers are responding well to improvements in the quality and price points across our clothing offer encouraging customers to shop more frequently.

We are encouraged by the initial response to our operational plan for Education in recent weeks.

The majority of the Group's revenue is generated in the second half, and our peak trading period, including Black Friday, is performing well against strong comparators. We are on track to deliver against our plan for profitable growth."

Enquiries

Findel plc	**0161 303 3465**
Phil Maudsley, Group CEO	
Stuart Caldwell, Group CFO	
Tulchan Communications	**020 7353 4200**
Susanna Voyle	
Will Smith	

Notes to Editors

The Findel group contains market leading businesses in the UK home shopping and education supplies markets. It is primarily a retailer and distributor, handling and supplying specialist products manufactured by third parties.

The Group's activities are focused in two main operating segments:

- Express Gifts – one of the largest direct mail order businesses in the UK, primarily trading via the **Studio.co.uk** brand; and
- Findel Education – the second largest listed independent supplier of resources and equipment (excluding information technology and publishing) to schools in the UK.

INTERIM MANAGEMENT REPORT

Summary

This has been a strong first half performance from the Group, with a number of key project milestones being achieved alongside continued double-digit customer and sales growth from Express Gifts and its **Studio.co.uk** brand.

The growth in profit seen in H1 is largely driven by a number of intra-year timing differences, notably in respect of the new bad debt provisioning model whereby the phasing of the bad debt charge now follows the seasonality of the business' trading and is therefore higher in H2, and the re-phasing of marketing activity between H1 and H2. The guidance for the full year outturn for earnings and net debt remains unchanged, confirming our expectations for strong profit growth for the full year, which in turn provides a strong platform for the medium term prospects for the Group.

Express Gifts

Express Gifts is our core online value retail business, primarily trading under the **Studio.co.uk** brand. The business saw its customer base increase by 119k in the first half of the year and now has 1.7m customers who shop from our broad range of home and leisure items, clothing, toys and gifts via catalogue and online, together with a leading personalisation offer.

Increased use of TV and social media advertising in the first half of the year, highlighting particularly good-value products, has continued to be an effective way of recruiting new customers. The business has also made good progress in retaining established customers and increasing ordering frequency, particularly within clothing ranges.

The 15.8% growth in like-for-like* product sales (13.5% on a reported basis) seen in H1 was in part the result of a conscious decision to move some marketing activity forward from October into September. Hence, we have planned for growth in H2 to moderate slightly and be in the range of 10-12% for the full year as a whole.

Product margins in H1 were 33.4%, up by 100bps from the prior year, with the impact of weaker exchange rates on import costs being mitigated by supply chain improvements. In particular, we have been more selective on the level of discounting required for our showcase promotional items to be successful, increasing the margin rate on those products to 17.4% in H1 compared to 2.4% in H1 of the prior year when some items were priced as loss leaders, choosing instead to invest in increased marketing activity. Our hedging strategy continues to cover 100% of planned direct foreign purchases for the next 12 months on a rolling basis. The gradual recovery in Sterling seen in recent months will therefore benefit FY19's purchases.

A key part of our offer is the flexible credit option, allowing customers to pay for their goods over an extended period. Financial services revenues of £51.2m were earned in H1, up by 12.6% on the prior year on a like-for-like* basis (8.1% on a reported basis), with the total number of customers with a credit account who revolved a balance in the H1 increasing by 8.8% vs. the prior year.

We adopted a new bad debt provisioning model with our full-year results, which uses more granular predictions of potential default and loss for different categories of customer. Whilst the new model does not change the way in which we manage a customer's account or the cash we generate from the customer, it does lead to intra-year timing differences on the accounting recognition of bad debt charges. The seasonality in the business means that the majority of product revenue and financial services income is earned in H2, with receivables balances peaking in December as a result of the Christmas peak season. This seasonality therefore requires a lower bad debt provision and charge at the end of September compared to the previous model, although this will reverse by the full-year end. Our collections process continues to sell non-performing receivables to third-parties at certain points in the year. This year we have skewed more of this activity into H1, which benefits free cashflow in H1 and, due to the increased bad debt provision under the new model, increased the gains recorded upon sales completed in H1 by approximately £2.5m. Refinements to the bad debt model will reduce the level of gains recognised in the future.

The new financial services customer account platform, Financier, was implemented at the start of October 2017. This will provide the business with the capability to manage customer accounts on a more granular basis going forward, and will also enable the launch of new financial services products in future.

Marketing costs of £23.4m in H1 were up by £3.5m on the prior year, in part due to a re-phasing of activities during the year to ease the implementation of Financier in October. Distribution costs increased by 7% to £17.5m, whilst administration costs were held flat at £26.0m.

Overall, the business produced an adjusted operating profit* for H1 of £16.1m, up £11.0m on the prior year.

Findel Education

Our Education business remains one of the leading suppliers of resources/equipment to schools in the UK and overseas. It is currently undergoing an operational turnaround of its marketing positioning, its buying strategy and its cost base after several years of underperformance and loss of market share.

Its performance in the first half of the year was broadly in line with our expectations. Revenue fell by 6.9% on a like-for-like* basis (7.8% on a reported basis), although the adjusted operating profit* increased by £1.7m to £3.4m primarily as a result of cost savings made from the warehouse consolidation completed in December 2016.

The key features of the turnaround strategy under the strapline "savings schools time and money" are:

- **Digital**: increasing the level of online ordering to ease schools' administration and aid customer loyalty. New websites were rolled out over the summer, along with new price comparison tools that encourage customers to move more of their spend to us. Online ordering has increased significantly in the last few months from c.10% in March 2017 to over 25% in November 2017.
- **Value**: reducing prices to improve our competitiveness. We reduced the prices on around 800 line items during September by up to 30%.
- **Product**: increasing the proportion of goods sourced directly from the Far East and reinvesting cost-savings from that improved procurement into value.
- **Profitability**: simplifying the business and reducing costs to target a 10% operating profit to sales return. Good progress has been made in this area, with the warehouse consolidation savings being secured and further initiatives worth £3-4m on an annualised basis have been identified. Around £1m of those initiatives will be realised in the current year, with the remainder benefiting FY19.

We remain confident that this strategy will improve the prospects for the business over the next 2-3 years.

Central costs

Central costs of £3.2m were recorded in H1 vs. £0.3m in prior year. This increase primarily relates to unrealised foreign exchange movements on intra-group balances. We expect central costs for the full year will be in the region of £3m.

Current trading

After a strong H1, underlying trading levels during October were noticeably weaker in line with reported wider market trends. However, November has seen a good recovery. We are currently approaching the end of the peak trading period for Express Gifts and, despite seeing record trading levels at this time last year, we are continuing to see strong product revenue growth. Product sales for the 34 weeks to 24 November 2017 at Express Gifts were up by just under 12% vs. prior year, with sales from the Black Friday campaign showing new record levels. Online ordering levels through the campaign approached 75%. Product margins continue to hold up well, along with new customer credit account opening.

Our Education business is starting to see encouraging signs of increased online ordering, along with improved active trader trends.

We will provide a further update on Christmas trading at the end of January.

Outlook

The strong performance from Express Gifts in the first half, with continued growth in customer numbers and sales, provides the basis for sustainable medium-term profit growth. Good progress has been made during the first half of the year in increasing the resilience of the business's earnings through improvements in the financial services systems and models, as well as tackling legacy matters.

At a time where retail markets are seeing more caution from consumers, the **Studio.co.uk** proposition appears to be attractive and relevant to a value-conscious customer. We anticipate being able to grow the customer base to at least 2m over the next 2-3 years, and to gradually improve the average spend per customer as newer customers become more established.

Our Education business will take time to fully recover, but we are encouraged by the early signs of response to the series of actions we have taken in the first half of the year.

Overall, the Group remains on track to deliver a full year performance in line with market expectations.

FINANCIAL REVIEW

Restatement of operating segments

Following a review of the operating segments at the start of the financial year, we made the decision to change the presentation of the internal information presented to the Board and thus our external segmental reporting to more accurately reflect how segmental performance and the allocation of resources to the segments is managed. As a result of this review it was concluded that since the Group's overseas sourcing operation is now almost exclusively focused on procurement on behalf of other group companies (particularly Express Gifts), it no longer warrants separate presentation. Consequently, the Group's operations are now organised into a central cost centre and two operating segments as follows:

- Express Gifts
- Education

The operating performance of each segment is now assessed by reference to revenue and gross margin by revenue stream, and operating profit after distribution, marketing and administration costs.

In addition, during the current period the impairment charge in respect of Express Gifts' trade receivables has been disclosed within cost of sales rather than within trading costs as it was disclosed in prior periods as we believe this presentation more accurately presents the performance of the business. We have also disclosed gains arising on the purchase of foreign currencies by the Group's treasury function in cost of sales rather in trading costs as in prior periods. Comparative figures have been restated accordingly.

Further details of the restatement of operating segments is available on the investor section of our website at www.findel.co.uk/investors.

Summary income statement

	26 weeks ended 29.9.17 £000	27 weeks ended 30.9.16 £000	Change £000
Express Gifts	**16,135**	5,118	11,017
Findel Education	**3,369**	1,661	1,708
Central costs	**(3,167)**	(321)	(2,846)
Adjusted operating profit*	**16,337**	6,458	9,879
Finance costs	**(4,404)**	(4,588)	184
Adjusted profit before tax*	**11,933**	1,870	10,063

** before individually significant items and revaluation of derivative contracts*

Borrowings and finance costs

The seasonality in the Group's businesses mean that core net debt is at its peak around the half-year point. Core net debt stood at £90.0m at the end of September 2017, down by £4.4m from September 2016. The Group has made good progress in the first half of the year with its legacy customer refund programme, which has produced an outflow of around £8.4m as anticipated.

The balance on the securitisation facility stood at £146.6m at the end of September 2017, up by £16.3m vs. September 2016 showing the strong growth in Express Gifts' receivables. The facility was recently increased by a further £15m to £170m to support future growth.

Finance costs totalling £4.4m (2016: £4.6m) were incurred in the first half of the year, with lower LIBOR rates more than offsetting higher total borrowings.

Foreign exchange contracts

The Group's policy on hedging its foreign exchange risks is to cover its planned exposures over the next 12 months on a rolling basis by use of forward contracts. At the end of September 2017 the Group was committed to contracts worth $87.5m, contracted at US dollar exchange rates between £1/$1.35 and £1/$1.23, with maturity dates covering the period to September 2018. The fair value of these contracts at the period end was a net liability of £3.3m. Fair value movements in the first half have resulted in a charge of £3.8m, which has been recorded in the consolidated income statement.

Taxation

The Group recognised a tax charge of £1.6m in the first half (September 2016: £0.7m excluding the impact of individually significant items), based on an estimated effective tax rate for the full year of 20.2% (March 2017: 21.1% excluding the impact of individually significant items). This reflects a reduction in the prevailing corporation tax rate from 20% to 19%.

Balance sheet

Net assets at the end of September 2017 stood at £23.7m, up by £7.0m from the year end. The Group's legacy defined benefit pension scheme liability measured under IAS 19 was valued at £4.3m, little changed from the year end.

Alternative Performance Measures

The directors use several Alternative Performance Measures ("APMs") that are considered to provide useful information about the performance and underlying trends facing the Group. As these APMs are not defined by IFRS, they may not be comparable with APMs shown in other companies' accounts. They are not intended to be a replacement for, or be superior to, IFRS measures.

The principal APMs used in these Interim Results are set out below.

Adjusted EBITDA, adjusted operating profit and adjusted profit before tax

Individually significant items are non-recurrent and therefore not reflective of the underlying performance of the Group. We therefore exclude them when assessing segment performance. The Group's foreign exchange hedging policy means that there will be unrealised fair value gains or losses at the period end relating to contracts intended for future periods. Those fair value movements are therefore excluded from the underlying performance of the Group until realised.

The reconciliation of these APMs to profit/(loss) before tax is as follows:

	26 weeks ended 29.9.17 £000	27 weeks ended 30.9.16 £000	53 weeks ended 31.3.17 £000
Adjusted EBITDA	**21,133**	11,445	40,594
Individually significant items	**-**	(3,822)	(82,152)
Depreciation and amortisation	**(4,796)**	(4,987)	(9,444)
Fair value movements on derivatives	**(3,817)**	1,390	556
Finance costs	**(4,404)**	(4,588)	(8,921)
Profit/(loss) before tax	**8,116**	(562)	(59,367)

	26 weeks ended 29.9.17 £000	27 weeks ended 30.9.16 £000	53 weeks ended 31.3.17 £000
Adjusted operating profit	**16,337**	6,458	**31,150**
Individually significant items	**-**	(3,822)	**(82,152)**
Fair value movements on derivatives	**(3,817)**	1,390	**556**
Finance costs	**(4,404)**	(4,588)	**(8,921)**
Profit/(loss) before tax	**8,116**	**(562)**	**(59,367)**

	26 weeks ended 29.9.17 £000	27 weeks ended 30.9.16 £000	53 weeks ended 31.3.17 £000
Adjusted profit before tax	**11,933**	1,870	**22,229**
Individually significant items	**-**	(3,822)	**(82,152)**
Fair value movements on derivatives	**(3,817)**	1,390	**556**
Profit/(loss) before tax	**8,116**	**(562)**	**(59,367)**

Like-for-like revenue

The Group's businesses operate to a weekly reporting cycle, rather than a calendar month cycle and so the Group normally reports on a 52-week period. For the year ended 31 March 2017, the Group reported on a 53-week period to ensure the year end date remained consistent with its accounting reference date in accordance with the Companies Act 2006. Consequently the first half of the year ended 31 March 2017 was a 27-week period compared to a 26-week period for the current year.

A like-for-like comparison of revenue in a 26-week period has been selected as being the 26 weeks ended on 29 September 2017 against the 26 weeks ended on 30 September 2016, as follows:

	26 weeks to 29.9.17 £000	27 weeks to 30.9.16 £000	26 weeks to 30.9.16 £000	Like-for-like change £000	Like-for-like change %
Product revenue	**125,285**	110,363	108,168	17,117	+15.8%
Financial services revenue	**51,229**	47,384	45,483	5,746	+12.6%
Sourcing revenue	**108**	1,754	1,754	(1,646)	-93.8%
Express Gifts	**176,622**	159,501	155,405	21,217	+13.7%
Findel Education	**49,387**	53,548	53,049	(3,662)	-6.9%
Group revenue	**226,009**	213,049	208,454	17,555	+8.4%

Express Gifts Product Gross Margin %

This is used a measure of the gross profit made by Express Gifts on the sale of goods only. Details of how this is derived can be found in note 3.

Core net debt

The Group's revolving bank facility contains covenants that monitor the borrowings under that facility net of cash held by the Group. This is therefore our preferred measure of indebtedness.

It is calculated as follows:

	29.9.17 £000	30.9.16 £000	31.3.17 £000
Total bank loans	**256,622**	243,908	252,534
Less securitisation borrowings*	**(146,622)**	(130,342)	(142,534)
Less cash and cash equivalents	**(19,959)**	(19,082)	(29,173)
Core net debt	**90,041**	94,484	80,827

*Disclosed within bank loans

Net debt

This measure simply takes account of total borrowings less cash held by the Group and represents our total indebtedness.

It is calculated as follows:

	29.9.17 £000	30.9.16 £000	31.3.17 £000
Total bank loans	**256,622**	243,908	252,534
Less cash and cash equivalents	**(19,959)**	(19,082)	(29,173)
Net debt	**236,663**	224,826	223,361

Debt funding consumer receivables

The majority of the credit receivables of Express Gifts are eligible to be funded in part from the securitisation facility, with the remainder being funded from bank loans and cash equivalents. This measure simply indicates the value of those eligible receivables.

It is calculated as follows:

	29.9.17 £000	30.9.16 £000	31.3.17 £000
Securitisation loans (71%)	**146,622**	130,342	142,534
Cash and bank (29%)	**59,888**	53,238	58,218
Eligible receivables (100%)	**206,510**	183,580	200,752

Free cashflow

Free cash flow is reconciled to cash generated by operations as follows:

	26 weeks ended 29.9.17 £000	27 weeks ended 30.9.16 £000	53 weeks ended 31.3.17 £000
Free cashflow	**(5,301)**	(6,743)	13,268
Securitisation loans drawn	**(4,088)**	(1,431)	(13,623)
Purchases of property plant and equipment and software	**6,713**	5,927	11,723
Tax and other	**(1,603)**	(327)	(214)
Net cash (used in)/ generated from operating activities	**(4,279)**	(2,574)	11,154

Findel plc
Group Financial Information

Condensed Consolidated Income Statement
26 week period ended 29 September 2017

	Before individually significant items £000	Individually significant items £000	Total £000
Continuing operations			
Revenue	**226,009**	**—**	**226,009**
Cost of sales	**(124,854)**	**—**	**(124,854)**
Gross profit	**101,155**	**—**	**101,155**
Trading costs	**(84,818)**	**—**	**(84,818)**
Analysis of operating profit:			
– **EBITDA***	**21,133**	**—**	**21,133**
– Depreciation and amortisation	**(4,796)**	**—**	**(4,796)**
Operating profit	**16,337**	**—**	**16,337**
Finance costs	**(4,404)**	**—**	**(4,404)**
Profit before tax and fair value movements on derivative financial instruments	**11,933**	**—**	**11,933**
Fair value movements on derivative financial instruments	**(3,817)**	**—**	**(3,817)**
Profit before tax	**8,116**	**—**	**8,116**
Tax expense	**(1,641)**	**—**	**(1,641)**
Profit for the period	**6,475**	**—**	**6,475**

Earnings per ordinary share	
Basic	**7.50p**
Diluted	**7.50p**

*Earnings before interest, taxation, depreciation, amortisation and fair value movements on derivative financial instruments.

Condensed Consolidated Income Statement
27 week period ended 30 September 2016 (restated – refer to note 2)

	Before individually significant items £000	Individually significant items £000	Total £000
Continuing operations			
Revenue	213,049	—	213,049
Cost of sales	(127,033)	—	(127,033)
Gross profit	86,016	—	86,016
Trading costs	(79,558)	(3,822)	(83,380)
Analysis of operating profit/(loss):			
– **EBITDA***	11,445	(3,822)	7,623
– Depreciation and amortisation	(4,987)	—	(4,987)
Operating profit/(loss)	6,458	(3,822)	2,636
Finance costs	(4,588)	—	(4,588)
Profit/(loss) before tax and fair value movements on derivative financial instruments	1,870	(3,822)	(1,952)
Fair value movements on derivative financial instruments	1,390	—	1,390
Profit/(loss) before tax	3,260	(3,822)	(562)
Tax (expense)/income	(686)	806	120
Profit/(loss) for the period	2,574	(3,016)	(442)

Loss per ordinary share	
Basic	(0.51)p
Diluted	(0.51)p

*Earnings before interest, taxation, depreciation, amortisation and fair value movements on derivative financial instruments.

Condensed Consolidated Income Statement
53 week period ended 31 March 2017 (restated – refer to note 2)

	Before individually significant items £000	Individually significant items £000	Total £000
Continuing operations			
Revenue	457,030	—	457,030
Cost of sales	(269,385)	(35,215)	(304,600)
Gross profit	187,645	(35,215)	152,430
Trading costs	(156,495)	(46,937)	(203,432)
Analysis of operating profit/(loss):			
– **EBITDA***	40,594	(60,276)	(19,682)
– Depreciation and amortisation	(9,444)	—	(9,444)
– Impairment	—	(21,876)	(21,876)
Operating profit/(loss)	31,150	(82,152)	(51,002)
Finance costs	(8,921)	—	(8,921)
Profit/(loss) before tax and fair value movements on derivative financial instruments	22,229	(82,152)	(59,923)
Fair value movements on derivative financial instruments	556	—	556
Profit/(loss) before tax	22,785	(82,152)	(59,367)
Tax (expense)/income	(4,803)	6,462	1,659
Profit/(loss) for the period	17,982	(75,690)	(57,708)

Loss per ordinary share	
Basic	(66.85)p
Diluted	(66.85)p

The accompanying notes are an integral part of this consolidated income statement.

*Earnings before interest, tax, depreciation, amortisation and fair value movements on derivative financial instruments.

Condensed Consolidated Statement of Comprehensive Income
26 week period ended 29 September 2017

	26 weeks to 29.9.2017 £000	27 weeks to 30.9.2016 £000	53 weeks to 31.3.2017 £000
Profit/(loss) for the period	**6,475**	(442)	(57,708)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Cash flow hedges	**19**	(60)	(51)
Currency translation gain/(loss) arising on consolidation	**239**	(73)	(149)
	258	(133)	(200)
Items that will not subsequently be reclassified to profit and loss			
Remeasurements of defined benefit pension scheme	**(101)**	(11,564)	(5,367)
Tax relating to components of comprehensive income	**17**	1,966	912
	(84)	(9,598)	(4,455)
Total comprehensive income/(loss) for period	**6,649**	(10,173)	(62,363)

The total comprehensive loss for the period is attributable to the equity shareholders of the parent company Findel plc.

Condensed Consolidated Balance Sheet
At 29 September 2017

	29.9.2017 £000	30.9.2016 £000	31.3.2017 £000
Non-current assets			
Goodwill	**—**	16,691	—
Other intangible assets	**25,828**	29,964	26,186
Property, plant and equipment	**46,490**	42,993	44,416
Derivative financial instruments	**21**	—	32
Deferred tax assets	**7,892**	8,028	8,410
	80,231	97,676	79,044
Current assets			
Inventories	**73,564**	74,088	57,108
Trade and other receivables	**232,074**	241,549	212,648
Derivative financial instruments	—	1,390	556
Cash and cash equivalents	**19,959**	19,082	29,173
Current tax assets	**—**	1,525	1,748
	325,597	337,634	301,233
Total assets	**405,828**	435,310	380,277
Current liabilities			
Trade and other payables	**(85,777)**	(81,674)	(63,474)
Current tax liabilities	**(1,006)**	—	—
Derivative financial instruments	**(3,262)**	—	—
Obligations under finance leases	**(558)**	(532)	(545)
Provisions	**(17,775)**	(18,791)	(27,770)
	(108,378)	(100,997)	(91,789)
Non-current liabilities			
Bank loans	**(256,622)**	(243,908)	(252,534)
Obligations under finance leases	**(787)**	(1,344)	(1,069)
Provisions	**(12,036)**	(7,482)	(12,767)
Retirement benefit obligation	**(4,325)**	(12,846)	(5,415)
	(273,770)	(265,580)	(271,785)
Total liabilities	**(382,148)**	(366,577)	(363,574)
Net assets	**23,680**	68,733	16,703
Equity			
Share capital	**48,644**	48,644	48,644
Translation reserve	**1,063**	900	824
Hedging reserve	**(32)**	(60)	(51)
(Accumulated losses)/retained earnings	**(25,995)**	19,249	(32,714)
Total equity	**23,680**	68,733	16,703

Condensed Consolidated Cash Flow Statement
26 week period ended 29 September 2017

	26 weeks to 29.9.2017 £000	27 weeks to 30.9.2016 £000	53 weeks to 31.3.2017 £000
Profit/(loss) for the period	**6,475**	(442)	(57,708)
Adjustments for:			
Income tax	**1,641**	(120)	(1,659)
Finance costs	**4,404**	4,588	8,921
Depreciation of property, plant and equipment	**3,828**	4,074	7,485
Impairment of property, plant and equipment and software and IT development costs	**—**	—	698
Impairment of goodwill	**—**	—	17,319
Impairment of other intangible assets	**—**	—	3,859
Amortisation of intangible assets	**968**	913	1,959
Share-based payment expense	**328**	31	191
Loss on disposal of property, plant and equipment	**191**	23	35
Fair value movements on financial instruments plus premiums paid	**3,817**	(1,480)	(699)
Pension contributions less income statement charge	**(1,253)**	(1,042)	(2,291)
Operating cash flows before movements in working capital	**20,399**	6,545	(21,890)
Increase in inventories	**(16,456)**	(20,616)	(3,636)
(Increase)/decrease in receivables	**(19,426)**	(14,019)	14,882
Increase in payables	**22,023**	23,018	4,951
(Decrease)/increase in provisions	**(10,819)**	2,498	16,847
Cash (used in)/ generated from operations	**(4,279)**	(2,574)	11,154
Income taxes refunded	**1,647**	269	148
Interest paid	**(3,672)**	(4,168)	(9,107)
Net cash from operating activities	**(6,304)**	(6,473)	2,195
Investing activities			
Interest received	**27**	2	3
Proceeds on disposal of property, plant and equipment	**—**	22	10
Purchases of property, plant and equipment and software and IT development costs	**(6,713)**	(5,927)	(11,723)
Acquisition of subsidiary, net of cash acquired	**—**	—	(1,150)
Sale of subsidiary, net of cash held in subsidiary	**—**	2,318	2,318
Net cash used in investing activities	**(6,686)**	(3,585)	(10,542)
Financing activities			
Repayment of amounts owing under finance lease arrangements	**(269)**	(299)	(562)
Bank loans repaid	**—**	(6,434)	(10,000)
Securitisation loan drawn	**4,088**	1,431	13,623
Net cash from financing activities	**3,819**	(5,302)	3,061
Net decrease in cash and cash equivalents	**(9,171)**	(15,360)	(5,286)
Cash and cash equivalents at the beginning of the period	**29,173**	34,405	34,405
Effect of foreign exchange rate changes	**(43)**	37	54
Cash and cash equivalents at the end of the period	**19,959**	19,082	29,173

Condensed Consolidated Statement of Changes in Equity
26 week period ended 29 September 2017

	Share capital £000	Translation reserve £000	Hedging reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
At 31 March 2017	48,644	824	(51)	(32,714)	16,703
Total comprehensive income	—	239	19	6,391	6,649
Share-based payments	—	—	—	328	328
At 29 September 2017	**48,644**	**1,063**	**(32)**	**(25,995)**	**23,680**

	Share capital £000	Translation reserve £000	Hedging reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
At 25 March 2016	48,644	973	—	29,258	78,875
Total comprehensive loss	—	(73)	(60)	(10,040)	(10,173)
Share-based payments	—	—	—	31	31
At 30 September 2016	48,644	900	(60)	19,249	68,733

	Share capital £000	Translation reserve £000	Hedging reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
At 25 March 2016	48,644	973	—	29,258	78,875
Total comprehensive loss	—	(149)	(51)	(62,163)	(62,363)
Share-based payments	—	—	—	191	191
At 31 March 2017	48,644	824	(51)	(32,714)	16,703

The total equity is attributable to the equity shareholders of the parent company Findel plc.

Notes to the Condensed Consolidated Financial Statements

1. General Information

The condensed consolidated financial statements have been approved by the board on 28 November 2017.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union ("EU") and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. As required by the latter, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the company's published consolidated financial statements for the 53 weeks ended 31 March 2017. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at and for the 53 weeks ended 31 March 2017.

The financial information for the period ended 31 March 2017 is not the company's statutory accounts for that financial year. Those accounts which were prepared under IFRS as adopted by the EU ("adopted IFRS") have been reported on by the company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor draws attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

Going concern basis

In determining whether the Group's interim financial statements for the period ended 29 September 2017 can be prepared on a going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities in the current economic climate. The financial position of the Group, its cash flows, liquidity position and borrowing facilities and details of those key risks and uncertainties are set out in further detail in the Finance Review on pages 18 to 20 of the Group's annual report and accounts for the 53 week period ended 31 March 2017.

The directors have reviewed the Group's trading and cash flow forecasts as part of their going concern assessment, including considering the potential impact of reasonably possible downside sensitivities which take into account the uncertainties in the current operating environment, including, amongst other matters, demand for the Group's products, its available financing facilities, and regulatory licensing and compliance. Although at certain times the level of facility and/or covenant headroom reduces to a level which requires cash flow initiatives to be introduced to ensure that the funding requirements do not exceed the committed facilities or result in non-compliance with covenants, management are confident that such actions are supportable, and that further controllable mitigating actions are available that could be implemented if required. The Group's current banking facilities mature in November 2019.

Taking into account the above circumstances, the directors have formed a judgement that there is a reasonable expectation, and there are no material uncertainties, that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months.

Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements

Risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those detailed on pages 22 to 24 of the Group's annual report and accounts for the 53 week period ended 31 March 2017, a copy of which is available on the Group's website, www.findel.co.uk. No new risks have been identified.

The risks detailed in the annual report and accounts remain valid as regards their potential to impact the Group during the second half of the current financial year.

Seasonality

The nature of the businesses within the Findel Group mean that profits have shown, and will continue to show, a significant seasonal bias with the majority of profit being earned in the second half.

2. Accounting Policies

As required by the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, this condensed set of financial statements has been prepared applying the same accounting policies and computation methods that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 March 2017.

Segmental reporting
IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker (CODM) who is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The CODM is the Board of Findel plc.

Following a review of the operating segments at the start of the financial year, management made the decision to change the presentation of the internal information presented to the CODM to more accurately reflect how segmental performance and the allocation of resources to the segments is managed. Consequently the Group's operations are now organised into a central cost centre and two operating segments as follows:

- Express Gifts
- Education

The CODM now assess the operating performance of each segment by reference to revenue and gross margin by revenue stream, and operating profit after distribution, marketing and administration costs.

Changes in classification of costs
During the current period management has disclosed the impairment charge in respect of Express Gifts' trade receivables of £9,978,000 within cost of sales, rather than within trading costs as it was disclosed in prior periods. Management believe that this presentation more accurately presents the performance of the business. The comparative figures have been restated on an equivalent basis to allow for a meaningful comparison. Consequently, for the 27 week period ended 30 September 2016 an impairment charge of £15,963,000 has been reclassified from trading costs to cost of sales and for the 53 week period 31 March 2017 an impairment charge of £63,179,000 (of which £35,215,000 was presented as an individually significant item) has been reclassified from trading costs to cost of sales. The net impact on reported profit is £nil.

In addition, in the current period management has disclosed gains arising on the purchase of foreign currencies by its treasury function of £1,982,000 within cost of sales, rather than within trading costs as it was disclosed in prior periods. Management believe that this presentation more accurately presents the performance of the business. The comparative figures have been restated on an equivalent basis to allow for a meaningful comparison. Consequently, for the 27 week period ended 30 September 2016 foreign exchange losses of £1,987,000 have been reclassified from trading costs to cost of sales and for the 53 week period 31 March 2017 foreign exchange losses of £5,730,000 have been reclassified from trading costs to cost of sales. The net impact of this reclassification on reported profit is £nil.

Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

Provisions for Financial Services redress and refunds
At 29 September 2017 a provision of £17.1m (31 March 2017: £25.5m, 30 September 2016: £18.4m) was recorded in the balance sheet in respect of redress and refunds payable for flawed financial services products. The provision amount represents an estimate of premiums, interest and fees to be refunded to customers, based on a review of affected customer accounts using an account level calculator developed for the exercise, based on our interpretation of the guidance notes issued by the Financial Conduct Authority. The affected population falls into two broad categories; those who have a live relationship with the business and those that do not. The former group have largely been auto refunded however the remaining population, some of whom may not have traded with the business for a significant period, will be contacted in the coming months. In calculating the provision amount, an assumed response rate from this customer contact exercise has been assumed. An increase of 5% in this assumed response rate would increase the provision required by c. £0.9m. Assumptions have also been made over the effective interest rate applied to amounts to be refunded. A 0.7% increase in the effective interest rate assumed would increase the provision required by c. £0.1m. The guidance issued by the regulator is subject to interpretation and revision from time to time. A different interpretation or revised guidance could materially impact the amount provided.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any of the future periods affected.

3. Segmental analysis

26 weeks to 29 September 2017

	Continuing operations			
	Express Gifts £000	**Education £000**	**Central £000**	**Total £000**
Product revenue	125,285	49,387	—	174,672
Financial services revenue	51,229	—	—	51,229
Sourcing revenue	108	—	—	108
Reportable segment revenue	**176,622**	**49,387**	**—**	**226,009**
Product cost of sales	(83,444)	(31,269)	—	(114,713)
Financial services cost of sales	(9,978)	—	—	(9,978)
Sourcing costs of sales	(138)	(25)	—	(163)
Total cost of sales	**(93,560)**	**(31,294)**	—	**(124,854)**
Product gross margin	***33.4%***	***36.7%***		***34.3%***
Gross profit	**83,062**	**18,093**	—	**101,155**
Marketing costs	(23,445)	(2,001)	—	(25,446)
Distribution costs	(17,493)	(5,170)	—	(22,663)
Administrative costs	(25,989)	(7,553)	(3,167)	(36,709)
Operating profit/(loss) before individually significant items	**16,135**	**3,369**	**(3,167)**	**16,337**
Individually significant items	—	—	—	—
Operating profit/(loss)	**16,135**	**3,369**	**(3,167)**	**16,337**
Finance costs				(4,404)
Profit before tax and fair value movements on derivative financial instruments				**11,933**
Fair value movements on derivative financial instruments				(3,817)
Profit before tax				**8,116**

27 weeks to 30 September 2016*

	Continuing operations			
	Express Gifts £000	Education £000	Central £000	Total £000
Product revenue	110,363	53,548	—	163,911
Financial services revenue	47,384	—	—	47,384
Sourcing revenue	1,754	—	—	1,754
Reportable segment revenue	**159,501**	**53,548**	**—**	**213,049**
Product cost of sales	(74,619)	(34,835)	—	(109,454)
Financial services cost of sales	(15,963)	—	—	(15,963)
Sourcing costs of sales	(1,563)	(53)	—	(1,616)
Total cost of sales	**(92,145)**	**(34,888)**	—	**(127,033)**
Product gross margin	***32.4%***	***34.9%***		***33.2%***
Gross profit	**67,356**	**18,660**	—	**86,016**
Marketing costs	(19,930)	(3,090)	—	(23,020)
Distribution costs	(16,337)	(5,876)	—	(22,213)
Administrative costs	(25,971)	(8,033)	(321)	(34,325)
Operating profit/(loss) before individually significant items	**5,118**	**1,661**	**(321)**	**6,458**
Individually significant items	(3,167)	—	(655)	(3,822)
Operating profit/(loss)	**1,951**	**1,661**	**(976)**	**2,636**
Finance costs				(4,588)
Loss before tax and fair value movements on derivative financial instruments				**(1,952)**
Fair value movements on derivative financial instruments				1,390
Loss before tax				**(562)**

* Restated – refer to note 2.

53 weeks ended 31 March 2017*

	Continuing operations			
	Express Gifts £000	**Education £000**	**Central £000**	**Total £000**
Product revenue	262,240	91,739	—	353,979
Financial services revenue	101,080	—	—	101,080
Sourcing revenue	1,971	—	—	1,971
Reportable segment revenue	**365,291**	**91,739**	**—**	**457,030**
Product cost of sales	(181,247)	(58,345)	—	(239,592)
Financial services cost of sales	(27,963)	—	—	(27,963)
Sourcing costs of sales	(1,747)	(83)	—	(1,830)
Total cost of sales	**(210,957)**	**(58,428)**	—	**(269,385)**
Product gross margin	***30.9%***	***36.4%***		***32.3%***
Gross profit	**154,334**	**33,311**	—	**187,645**
Marketing costs	(37,296)	(4,479)	—	(41,775)
Distribution costs	(35,959)	(10,798)	—	(46,757)
Administrative costs	(50,900)	(15,369)	(1,694)	(67,963)
Operating profit/(loss) before individually significant items	**30,179**	**2,665**	**(1,694)**	**31,150**
Individually significant items	(51,448)	(650)	(30,054)	(82,152)
Operating profit/(loss)	**(21,269)**	**2,015**	**(31,748)**	**(51,002)**
Finance costs				(8,921)
Loss before tax and fair value movements on derivative financial instruments				**(59,923)**
Fair value movements on derivative financial instruments				556
Loss before tax				**(59,367)**

* Restated – refer to note 2.

4. Taxation

Income tax for the 26 week period ended 29 September 2017 is based on an estimated effective tax rate for the full year of 20.2% (27 week period ended 30 September 2016: 21.3%, 21.1% excluding the impact of individually significant items), giving rise to a tax charge of £1,641,000 in the period (27 week period ended 30 September 2016: £120,000 credit, £686,000 charge excluding the impact of individually significant items).

5. Earnings/(loss) per share

Weighted average number of shares

	26 weeks to 29.9.2017	27 weeks to 30.9.2016	53 weeks to 31.3.2017
	No. of shares	No. of shares	No. of shares
Ordinary shares in issue	**86,442,534**	86,442,534	86,442,534
Effect of own shares held	**(114,808)**	(114,808)	(114,808)
Weighted average number of shares – basic and diluted	**86,327,726**	86,327,726	86,327,726

Earnings/(loss) attributable to ordinary shareholders

	26 weeks to 29.9.2017	27 weeks to 30.9.2016	53 weeks to 31.3.2017
	£000	£000	£000
Net profit/(loss) attributable to equity holders for the purposes of basic loss per share	**6,475**	(442)	(57,708)
Individually significant items (net of tax)	**—**	3,016	75,690
Fair value movements on derivative financial instruments	**3,817**	(1,390)	(556)
Net profit attributable to equity holders for the purpose of adjusted earnings per share	**10,292**	1,184	17,426

Earnings/(loss) per share

Earnings/(loss) per share – basic	**7.50p**	(0.51)p	(66.85)p
Earnings per share – adjusted* basic	**11.92p**	1.37p	20.19p
Earnings/(loss) per share – diluted	**7.50p**	(0.51)p	(66.85)p
Earnings per share – adjusted* diluted	**11.92p**	1.37p	20.19p

* Adjusted to remove the impact of individually significant items and fair value movements on derivative financial instruments.

The earnings/(loss) per share attributable to convertible ordinary shareholders is £nil.

6. Derivative financial instruments

At 29 September 2017 the Group has outstanding derivative financial instruments as follows:

Non-current assets

	29.9.2017	30.9.2016	31.3.2017
	£000	£000	£000
Interest rate cap	**21**	—	32

Current (liabilities)/assets

	29.9.2017	30.9.2016	31.3.2017
	£000	£000	£000
Forward foreign exchange contracts	**(3,262)**	1,390	556

Forward foreign exchange contracts

Exchange rate exposures are managed utilising forward foreign exchange contracts. At the balance sheet date, details of the notional value of outstanding US dollar forward foreign exchange contracts that the Group has committed to are as follows:

	29.9.2017	30.9.2016	31.3.2017
	£000	£000	£000
Notional amount – Sterling contract value	**68,154**	14,452	41,037
Fair value of asset recognised	**—**	1,390	556
Fair value of liability recognised	**(3,262)**	—	—

Forward contracts outstanding at the period end are contracted at US dollar exchange rates between £1/$1.35 and £1/$1.23.

Changes in fair value of forward foreign exchange contracts for the 26 week period ended 29 September 2017 amounted to a charge of £3,817,000 (27 week period ended 30 September 2016: credit of £1,390,000, 53 week period to 31 March 2017: credit of £556,000) and have been recorded in the consolidated income statement.

Interest rate cap contract

Under interest rate cap contracts, the Group agrees to cap the LIBOR element of its interest cost at an agreed level calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of rising interest rates on its variable rate debt.

The following caps were in place at 29 September 2017:

	At 29 September 2017		
Maturity	Notional borrowing amount £000	Cap rate	Fair value £000
Less than 12 months	100,000	1.060%	—
1 to 2 years	100,000	1.075%	21

The Group has two caps in place. The first was purchased on 4 May 2016 and matures in October 2017. The second cap was purchased on 17 February 2017 and matures in November 2018. Both caps were designated as cash flow hedges from inception in accordance with IAS 39. The movement in the fair value of interest rate caps during the current and prior period was as follows:

	29.9.2017	30.9.2016	31.3.2017
	£000	£000	£000
At the beginning of the period	**32**	—	—
Purchase of interest rate caps	**—**	90	143
Movement in fair value charged to the hedging reserve	**19**	(60)	(51)
Movement in fair value of ineffective element charged to finance costs	**(30)**	(30)	(60)
At the end of the period	**21**	—	32

Basis for determining fair values

The fair value of both interest rate caps and forward foreign exchange contracts is their market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

The financial instruments held by the Group at the balance sheet date are valued under the Level 2 measurement basis of the fair value hierarchy: (i.e. based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)). There were no transfers between Level 1 and Level 2 during the period.

7. Related parties

During the current and prior periods, the Group made purchases in the ordinary course of business from Brands Inc. Limited and Firetrap Limited, subsidiaries of Sports Direct International plc, which is a significant shareholder in the ultimate parent company, Findel plc. Purchases for the periods and amounts owed at the period end dates were as follows:

Brands Inc. Limited

	29.9.2017 £000	30.9.2016 £000	31.3.2017 £000
Purchases	**72**	49	111
Amounts owed	**94**	32	2

Firetrap Limited

	29.9.2017 £000	30.9.2016 £000	31.3.2017 £000
Purchases	**367**	169	732
Amounts owed	**42**	—	—

Transactions between the Findel plc and its subsidiaries, which are related parties of Findel plc, have been eliminated on consolidation and are not discussed in this note. All transactions and outstanding balances between group companies are priced on an arms-length basis and are to be settled in the ordinary course of business.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union;

(b) the interim management report and condensed consolidated financial statements include a fair review of the information required by:

(i) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

S M Caldwell
Chief Financial Officer

28 November 2017

P B Maudsley
Chief Executive Officer

28 November 2017

This document may contain forward looking statements. In particular, but without limitation, nothing contained in this document should be relied upon or construed as a promise or a forecast, including any projection or management estimate, any statements which contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect”, “forecast” and words of a similar meaning, reflect the management of the company’s current beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on such statements. Any forward looking statements speak only as at the date of this document, and except as required by applicable law, Findel plc undertakes no obligation to update or revise publicly any forward looking statements, whether as a result of new information or otherwise.

INDEPENDENT REVIEW REPORT TO FINDEL PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 29 September 2017 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 29 September 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Nicola Quayle
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE
28 November 2017