27th April 2017

FULL YEAR RESULTS FOR THE 53 WEEKS ENDED 4 MARCH 2017

ONLINE TRADING AGILITY DRIVES SECOND HALF ACCELERATION;
STAND-OUT PERFORMANCE IN LADIESWEAR

N Brown Group Plc, the online, specialist fit, fashion retailer today announces results for the 53 weeks to 4 March 2017 (FY16: 52 weeks to 27 February 2016).

£m	**53 weeks to 4 March 17**	% change on 52 weeks to 27 Feb 16	**52 weeks to 25 Feb 17***	% change on 52 weeks to 27 Feb 16
Product revenue	**635.9**	+4.8%	**627.2**	+3.4%
Financial Services revenue	**264.8**	+2.0%	**260.5**	+0.4%
Group revenue	**900.7**	+4.0%	**887.7**	+2.5%
Adjusted EBITDA**	**117.9**	-3.1%	**115.9**	-4.7%
Adjusted PBT***	**82.6**	-6.5%	**80.6**	-8.7%
Statutory PBT	**57.6**	-20.2%	**55.6**	-23.0%
Adjusted EPS***	**22.74**	-5.3%	**22.18**	-7.6%
Statutory EPS	**15.67**	-19.4%	**15.10**	-22.3%
Net debt	**290.9**	+0.4%		
Full year dividend	**14.23p**	flat		

** Please refer to page 4 for an explanation of the 52 week basis*
*** Adjusted EBITDA is defined as operating profit, excluding exceptionals, with depreciation and amortisation added back*
**** Defined as excluding exceptionals and unrealised FX movement and therefore represents the underlying trading performance*

Review of FY17:
*All of the following figures are on a 52 week basis**

- Ladieswear revenues +4.2% yoy and +10.4% yoy in H2, the best performance since FY08, with significant market share gains
- Good Power Brand performance, with revenue +9.2% and active customers +9.9% (excluding Fifty Plus)
    - JD Williams brand revenue +12%; Fifty Plus migration on track
    - Simply Be +9.9%
    - Jacamo +4.0%

    - Including the Fifty Plus title, Power Brand revenue +6.3% and active customers +1.2%
- Good progress with brand and retail partnerships:
    - Over 100 new third-party brands added since the start of FY17
    - Today announcing a relationship with Tesco to sell capsule collection of Simply Be and Jacamo lines on Tesco Direct
- Product gross margin -150bps to 54.7% in line with previous guidance range
- Strong online metrics:
    - Online penetration 69%, +4ppts yoy
    - Online revenue +10% yoy; online revenue of Power Brands +14%
    - Online penetration of new customers +5ppts to 77%
    - 71% of all traffic from mobile devices
- Received our highest ever customer satisfaction score from the UK Institute of Customer Service
- Financial Services performance driven by continued improvement in the quality of the customer loan book, with Financial Services gross margin +110bps to 55.7%
- Fit 4 the Future systems project remains on track for completion by Summer 2018; costs and benefits are unchanged
- Exceptional costs of £25.2m, predominantly related to Financial Services customer redress, as announced on 11th April

Angela Spindler, Chief Executive, said:

"I am pleased with the progress made this year, as we continue to build on our position as an agile, online fashion retailer. Our improved trading agility is evident in the figures we are announcing today. Our performance accelerated in the second half as we demonstrated our enhanced ability to flex our product offering in-season.

"A particular highlight was Ladieswear which delivered the best performance for almost a decade as we gained significant market share. Our customer satisfaction rating is also now the second highest in the sector and our online metrics remain strong, with over 75% of new customers coming to us online.

"Revenues from our Power Brands, JD Williams, Simply Be and Jacamo, were up 9.2%, and we successfully turned around the performance of our Traditional segment in the second half. We are also very pleased with the performance of Financial Services, driven by the increasing quality of our customer loan book.

"The macro-economic backdrop remains challenging for retail. Against this backdrop we remain vigilant over our core costs and efficiencies. We are also continuing to invest in improving our capabilities and customer experience to enable future profitable growth.

"The past few years have seen a huge amount of change in the business. We remain on track to complete the final stages of our systems programme by Summer 2018. We are focused on driving the business forward, both in the UK and internationally, and I am very confident in our prospects. Although it is early in our new financial year, performance so far has been encouraging and in line with our expectations."

Meeting for analysts and investors:
Management is hosting a presentation for analysts and investors at 9.30am. Please contact Nbrown@mhpc.com for further information. A live webcast of the presentation will be available at: www.nbrown.co.uk.

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About N Brown Group:
An expert in fashion that fits and flatters, N Brown is one of the UK's leading online retailers. Our key retail brands are JD Williams, Simply Be and Jacamo. We are all about democratising fashion and are size inclusive, focusing on the needs of underserved customer groups – size 20+ and age 50+. We offer an extensive range of products, predominantly clothing, footwear and homewares, and our Financial Services proposition allows customers to spread the cost of shopping with us.

We are headquartered in Manchester where we design, source and create our product offer and we employ over 2,600 people across the UK.

Next reporting date
The next reporting date is the Q1 trading statement on 20th June 2017.

53 week financial year

Statutory revenue and PBT for the 53 weeks to 4th March 2017 were £900.7m and £57.6m respectively.

As previously guided, this year we are reporting on the 53 weeks to 4th March 2017, with an extra week added to ensure that the year-end date stays close to the end of February. **In order to provide a meaningful comparison with last year's 52 week period, all P&L financial movements are reported on a 52 week basis, excluding the 53rd week, unless otherwise stated**. Where applicable, the 53rd week's known result has been used as the basis for the adjustment to provide the 52 week results, although a degree of judgement has been applied in deriving certain operating costs in respect of the final week. A detailed comparison of the 53 weeks and 52 weeks results are set out on page 16. All second half P&L financial movements relate to the 26 week period, excluding the 27th week, unless otherwise stated. All balance sheet figures are reported as at the year-end date and cash flow figures are for the 53 week period.

Overview

(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

FY17 has been another year of considerable progress for the business. Our performance stepped up in the second half as we took action to improve on our first half results.

Group revenue was up 2.5% to £887.7m, with Product revenue up 3.4% and Financial Services revenue up 0.4%. This represents a good result against what continues to be a challenging period for the sector. Our three Power Brands all delivered strong growth, particularly our two Ladieswear brands JD Williams and Simply Be, and we continue to make good progress in our digital KPIs.

Product gross margin was 54.7%, down 150bps year on year, in line with our guidance range and primarily due to the promotional stance we took in the first half and the continued headwind from exchange rate differences year on year. Financial Services gross margin was up 110bps, driven by the improvement in the quality of the customer loan book. Operating costs were well managed. Depreciation and Amortisation increased by 9.5% due to the ongoing investment in the business.

Adjusted trading profit before tax was £80.6m, down 8.7% year on year, as we continued to invest in our customer proposition and our infrastructure to drive future growth. Exceptional costs of £25.2m largely relate to financial services customer redress, as announced on 11th April.

The Board recognises the importance of the dividend to shareholders, and accordingly, is proposing to hold the final dividend flat on last year, at 8.56p, taking the full year dividend to 14.23p, as we continue with our strategic transformation.

Against a challenging backdrop for retail we continue to manage our costs rigorously, whilst protecting and investing in the customer proposition. Although it is early in our new financial year, performance so far has been encouraging and in line with our expectations.

Full year review

(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

KPI performance

	FY17	FY16	% change
CUSTOMERS			
Active customer accounts	4.30m	4.27m	+0.7%
Power Brand active customer accounts	2.17m	2.14m	+1.2%
Power Brand customers exc. Fifty Plus	1.87m	1.71m	+9.9%
% Growth of our most loyal customers*	+3.6%	-0.4%	+400bps
Customer satisfaction rating**	86.4%	84.6%	+180bps
PRODUCT			
Ladieswear market share, size 16+	4.2%	3.4%	+80bps
Menswear market share, chest 44"+	1.5%	1.5%	-
Group returns rate (rolling 12 months)	26.8%	27.4%	-70bps
ONLINE			
Online penetration	69%	65%	+4ppts
Online penetration of new customers	77%	72%	+5ppts
Conversion rate	5.6%	5.8%	-20bps
% of traffic from mobile devices	71%	66%	+5ppts
FINANCIAL SERVICES			
Customer account arrears rate (>28 days)	9.9%	10.9%	-100bps
Provision rate	10.8%	15.6%	-480bps
New credit recruits (Rollers)***	129k	136k	-5%

** Defined as customers who have ordered in each of the last four seasons*
***UK Institute of Customer Service survey (UKICS)*
****Last six months, rounded figures. Rollers are those customers who roll a credit balance.*
Market shares are estimated using internal and Kantar data, 24 weeks ending 17th February

Customer KPI's

Our active customer file increased by 0.7% to 4.30m during FY17. Our customer metrics improved through the year, with active customers down in the first half and then up mid single-digits in the second half, supported by strong new customer recruitment.

Our Power Brands are our future growth engines, and we are therefore encouraged by the 9.9% increase in Power Brand active customers. If we include Fifty Plus, which is halfway through its migration into JD Williams, Power Brands active customers increased by 1.2%. The migration process is going well and will be complete by the start of the second half FY18, after which these customers will benefit from the full JD Williams marketing investment.

Our most loyal customers, being customers who have ordered in each of the last four seasons, increased by an encouraging 3.6% in the second half, a marked improvement on the 0.4% decline reported for the first half. This was due to a combination of good Power Brand performance, together with a turnaround in our Traditional segment which represented a headwind in the first half.

We were pleased to receive a customer satisfaction score of 86.4% from the UK Institute of Customer Service, our highest ever score. This is over 4ppts higher than the sector average score and we now rank in second place in the sector, behind only Amazon.

Product KPI's

Market share in Ladieswear (size 16+) was up 80bps at 4.2%, with gains across all age ranges. We are proud of this performance, which was driven by the significant investments we have made in improving our product ranges, strengthening our internal design, buying and merchandising talent and increasing our in-season flexibility and trading agility. Menswear (44"+) market share was flat at 1.5%, a solid result.

We saw another good performance in our returns rate, down 70bps to 26.8%, with the primary driver being the continued improvements in our product offering, including fit, quality and value for money. The ongoing increase in the proportion of cash customers also benefited the rate, as these customers naturally have a lower returns rate than credit account customers.

We have significantly improved our in-season flexibility, increasing Open To Buy (the proportion of stock not committed at the start of a season) and reducing lead times to enable us to respond quickly to changes in demand and emerging styles. Open To Buy now stands at around 45% for JD Williams and 65% for Simply Be. We have reduced lead times by further moving some of our sourcing to the UK and Europe, consolidating our fabric base, working more closely with suppliers on sample sealing and moving to a more flexible freight model. Our fastest lead time for a new product has improved from 10 weeks two years ago to just three weeks today. For repeat purchases, our fastest lead time is now seven days compared to seven weeks just two years ago. We have also reduced our average lead times by over 20% year on year.

As part of our strategy to grow sales, gain new customers and continually improve our product range, we continue to partner with third-party retailers. We do this in two different ways.

Firstly, we sell third-party brands on our websites, many of which are extended to larger sizes on an exclusive basis. This allows us to offer our customers an even wider range of products, and gives the third-party brand access to a new, growing customer base at relatively low risk. Since the start of FY17 we have added over 100 third-party brands across our categories. These include Chi Chi, Wrangler, Ben Sherman, Jack Wolfskin, Dune, Hunter, Spanx, Religion, Not Your Daughters Jeans, Timberland, Ann Summers and Gossard.

Secondly, we are in discussions with a number of retailers to sell capsule collections of our brands through their sites. This strategy enables us to grow in scale, increase brand awareness and access new customers. We went live with a capsule Jacamo collection on ASOS in March, with very early performance encouraging.

As part of our strategy to drive our point of difference in plus size through increased access to our brands, we are today announcing a partnership with Tesco for Simply Be and Jacamo. Capsule collections from both brands will be available through Tesco Direct and, on a trial basis, in-store at a number of locations across Eastern Europe, from May this year.

Online KPI's

Online accounted for 69% of our sales for FY17. Online revenue was up 10% year on year overall, and up 14% in our Power Brands.

Our second largest channel is through our contact centre. Whilst we are online-first in our approach, we are happy to serve customers in whichever way they would like to shop with us. Some customers are unlikely to ever migrate online; we estimate that these account for roughly half of the non-online proportion.

77% of sales from new customers were generated online during the year, compared to 72% in FY16. By brand, JD Williams saw the most significant increase, from 65% in FY16 to 80% this year.

Mobile devices (smartphones and tablets) accounted for 71% of online traffic in FY17, up 5ppts. Within this, smartphone sessions increased by 49% to account for 46% of all traffic. This trend was even stronger for JD Williams, where smartphone sessions more than doubled compared to last year.

Our conversion rate was 5.6%, down 20bps compared to last year; this remains significantly above the industry average. The decline was entirely due to the increasing share of mobile sessions, which naturally have a lower conversion rate than PCs. The conversion rate for smartphones and tablets each increased, by 8% and 3% respectively.

In October we launched our first shopping app for Simply Be. Performance to date has been encouraging, with good customer feedback and conversion rates. We will continually improve our app offering in the year ahead.

We continue to innovate in online marketing. Progress this year included further strides in personalisation, including the use of Artificial Intelligence to improve targeting; improvements to our User Experience driven by the use of technologies such as eye tracking, to gain even deeper insight into customers' behaviour whilst on site, and the use of social proof messaging, to further strengthen customer engagement and drive conversion.

Financial Services KPI's

We delivered a good performance in Financial Services this year, driven by a significant improvement in the quality of the customer loan book. This resulted in revenue up 0.4%; within this interest payments were up mid single-digit whilst non-interest lines were down low double-digit. The improvement in the quality of the loan book is particularly reflected in the gross margin performance, which was up 110bps year on year to 55.7%.

Credit arrears (>28 days) were 9.9% in FY17, down 100bps year-on-year, again driven by the improvement in the quality of the loan book. The credit provision rate was 10.8%, down 480bps versus last year. This benefitted from several sales of high risk payment arrangement debt, which we were able to sell for a slightly better rate than book value. Whilst these sales were all relatively small in quantum, the risk profile of the debt meant that they had a significant impact on the credit provision rate. For FY18, assuming no further debt sales, we expect both the arrears and provision rates to remain broadly flat.

During FY17 we recruited 249k new credit customers who rolled a balance. In the second half this metric was 129k; whilst down 5% year on year, it marked an improving trend on the -19% reported in the first half.

Our intention over the long-term continues to be to increase the number of new credit rollers. The key enabler of this will be our new Financial Services products, which will be fully live across all brands by Summer 2018. Ahead of this our primary focus remains on optimising the quality of the customer loan book.

Ahead of our new credit systems going live, we have been running a trial offering qualifying new customers a lower APR on our three Power Brands, in order to test take-up rates and customer behaviour. To date, the trial has delivered encouraging results, with a slight increase in the proportion of new customers electing to open an account as opposed to paying in cash. The payment behaviour of these customers has so far been in line with our expectations, however we need to allow more time to pass before we can fully judge the success of the trial.

We continue to focus on growing two key customer bases – those who use their account (internally termed our 'rollers') and cash customers, who pay immediately on a credit or debit card. Cash customers generate attractive returns, and are important in driving our growth, broadening our appeal and enabling us to gain economies of scale.

In FY17 we incurred a £22.9m exceptional cost related to financial services customer complaint redress; as announced on 11th April, this is higher than our previous guidance. There are two components of this cost, firstly, recompensing certain customers due to an error in the previous calculation for redress and, secondly, our estimate of the likely future costs arising from complaints relating to financial services products sold in the past. The cost associated with this second area increased during the second half due to a combination of the industry-wide deadline for complaints being announced as August 2019, a year later than previously indicated; a greater than anticipated volume of complaints due to wider public awareness of the deadline, and an older age profile of complaints, increasing the average redress amount.

Performance by brand

(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

Product revenue, £m	**52 weeks to 25 Feb 17**	**52 weeks to 27 Feb 16**	**Change**
JD Williams	158.3	151.2	+4.7%
Simply Be	114.2	103.9	+9.9%
Jacamo	65.3	62.8	+4.0%
Power Brands	**337.8**	**317.9**	**+6.3%**
Secondary Brands	155.2	152.7	+1.6%
Traditional Segment	134.2	136.0	-1.3%
Product total	**627.2**	**606.6**	**+3.4%**
Financial Services	**260.5**	**259.6**	**+0.4%**

Product revenue by brand on a 53 week basis is shown in note 4 on page 26

Revenue from our Power Brands accounted for 54% of Group product revenue, compared to 52% last year.

JD Williams

JD Williams' product revenue was £158.3m, up 4.7% yoy. Within this, the JD Williams brand was up 12% and Fifty Plus was down 9%, as planned.

We are pleased with the performance of the JD Williams brand, which saw double-digit sales growth in both halves of FY17. JD Williams online revenue was up 19% year on year.

We had particular success in the second half with our "The Cut" range, a collection of our best priced, current season clothes, which further reinforced our value for money credentials. Sales of these lines significantly exceeded expectations, up 72% versus comparable lines the previous year. Best-selling lines in the range included a £15 swing dress and an £18 tunic.

We continue to campaign against the lack of age diversity in the fashion industry. In February we staged a protest at London Fashion Week, with five models all over the age of 45; a stark difference to the average age of 17 of a LFW catwalk model. Our campaign received significant press coverage and customer engagement.

For Spring Summer 2017 we launched a new bridal range for JD Williams. The wedding dress collection ranges from size 10 to 32 and from £45 to £399. All the dresses have been designed to fit and flatter, particularly for the older or second time bride.

The performance of Fifty Plus significantly improved as we progressed through the year. In the first half the title was down 18% year on year, as we reduced marketing spend ahead of its migration into JD Williams. We then commenced the migration in Autumn Winter, resulting in Fifty Plus revenue up 1% in the second half. The migration will be completed by the start of the second half FY18.

Simply Be had a strong FY17 performance, with product revenue up 9.9% to £114.2m. Simply Be active customers were up 20% year on year.

Our fast fashion sub-range Simply Be Unique continues to outperform significantly, with demand up 67% in the second half, led by going out tops and our new under £30 party dress offer. Denim was a key category outperformer throughout the year, with jeans up 14% in the second half, led by our Shape and Sculpt collection.

In March 2017 we launched our new SS17 campaign, We Are Curves, starring Iskra Lawrence, Denise Bidot and Marquita Pring. The campaign celebrates body shapes of all sizes and aims to show how true confidence comes from the perfect fit. The campaign received our highest-ever level of social engagement and the advert soundtrack was top of the Shazam charts.

Jacamo product revenue was £65.3m, up 4.0%, with revenue performance strengthening through the year. Active customers grew double-digit year on year, although spend per customer was lower due to the subdued market backdrop, particularly in the first half.

In late February we launched Jacamo Unlimited, offering customers unlimited next day delivery for a year for £9.95. Whilst early days, customer take up so far has been encouraging.

Strong AW16 product category performances were seen in denim, following the launch of our new range, and sportswear, driven both by third-party brands and the successful relaunch of our own-brand Snowdonia.

During the second half we launched our Real Man Runway, our search to find an everyday guy to star in our next campaign, whilst also helping to champion male diversity in the fashion industry. We received almost 500 entrants and our shortlist of 20 men was judged by a panel including brand ambassador Freddie Flintoff. The winner, Andy Caine from Leeds, will be the face of our AW17 campaign.

Secondary brands
Secondary brand revenue increased by 1.6% to £155.2m. Fashion World was the strongest performer, up mid-single digit year-on-year driven by increased spend per customer. Marisota, which is now predominantly used as a product brand focusing on fit solutions, saw a solid performance.

Figleaves revenue was slightly down year on year. This was in line with expectations, as we slowed marketing spend through the launch period of the new Demandware web platform, which went live at the start of Autumn Winter 2016. In February we were pleased to announce the appointment of Miriam Lahage as Figleaves CEO. Miriam brings with her significant retail and online experience and has previously worked at TJX, Net-A-Porter, eBay and Navabi. The new management team will leverage the benefits of the Demandware platform and we expect this to improve the performance of Figleaves going forwards.

High and Mighty revenue was down year on year as we continued to transition the brand from a predominantly stores to online model, with 11 fewer stores compared to two years ago.

Traditional segment
Our Traditional segment recorded revenue of £134.2m, down 1.3% year on year. This overall result masks a significantly improving trend as we progressed through the year, with revenue down 4.2% in the first half but up 1.6% in the second half, as the actions we took to address performance worked well.

These actions included a revamp of our marketing materials and the launch of new bespoke publications such as our 'Classic Detail' catalogue. We also improved the product range, in particular reinvesting back into our jersey, knitwear and nightwear offerings. By title, Julipa was a particular strength.

Looking forward, our strategy in Traditional remains unchanged, that is, to hold overall revenues broadly flat through gaining share in this declining market. We believe that we have a competitive advantage due to our scale, customer loyalty and experience in serving these customers. Whilst it is not, therefore, a significant growth driver for our business, it remains very relevant to our overall portfolio and we continue to generate a good financial return from this segment.

<u>Systems programme (Fit 4 the Future)</u>

We are pleased with the progress we have made on our systems programme. To date, we have successfully introduced a new finance system, our new Merchandise system, Cybersource and PowerCurve, both important parts of our Credit release, our Simply Be Euro foundation site and, most recently, our new USA website.

The next release, which represents a major milestone in the programme, will be the High & Mighty website, which remains on track to replatform to Hybris in May. This release will also include the first go-live of our new Financial Services system. This sees a significant amount of core technical functionality delivered.

In line with the agile approach to running IT projects, we have then made an adaptation to the rollout plan compared to that previously communicated. Following the High & Mighty go-live we have now decided that Fashion World will be migrated onto the new systems after peak trading 2017. Crucially, the pace of our development will be unchanged, and new releases will be added to the High & Mighty and USA sites on a monthly basis.

The benefits of this approach are that:

- It significantly reduces the commercial risks, as new technology developments going forward will all be tested in a live environment, including through peak trading, before the major brands are migrated
- It minimises the time we will be operating at scale in two different technology worlds

We plan to migrate all brands onto the new platform by the end of Summer 2018, as previously guided. The overall programme costs and benefits, and the timing of those benefits, are all unchanged.

International
(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

Appointment of Richard Clark as International Director
We are pleased to announce that Richard Clark will be joining the company as International Director. Richard will report into CEO Angela Spindler and lead our international expansion, both in the USA and in other geographies, building on the strong foundations we have laid over the past few years. Richard was most recently Marketing and International Director at Boohoo and brings with him significant multi-channel retailing and online marketing experience, having also spent time at The White Company, Argos and Best Buy Europe.

USA
USA revenue was £15.5m, up 8.5% year on year (down 4.2% in constant currency terms). The operating loss was £1.3m, compared to £1.0m in FY16. As expected, performance in the second half was impacted by the launch of the new USA website. Through a series of post-launch releases we have now delivered the enhanced experience scoped for our customers, which gives us the foundations for our future international expansion. The USA remains a key future growth lever for the business and we reiterate our $100m revenue ambition over the medium term.

The majority of our USA revenues are generated by the Simply Be brand, which continues to resonate very well with customers. Performance of the JD Williams brand, which we launched in the USA in March 2016, has so far been encouraging.

Ireland
Ireland delivered revenues of £15.9m, up 18.8% year on year, or 3.8% in constant currency terms. The operating profit was £3.3m, a significant improvement on the £0.8m delivered last year. This performance was driven by the improvements to our product offering.

Stores
(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

The performance of our store estate continues to be impacted by weak industry footfall. As a consequence, we are not planning to open any new stores in the future. As with any store estate, performance by store varies. We continue to take actions to address underperforming stores and improve the overall profitability of the estate. For FY18, some significant rate increases for some of our stores represents a further cost headwind.

Overall, revenue from our store estate was £23.1m (FY16: £27.3m). As at the end of FY17 we had 23 stores open, split 15 dual Simply Be and Jacamo stores (FY16: 14), and eight High & Mighty stores (FY16: nine). The operating loss of our store estate was £2.0m (FY16: £0.8m loss).

FY18 Guidance and outlook

Guidance

We are today providing the following guidance for FY18. Please note that all P&L guidance is based on comparison to the 52 week FY17 figure.

- Product gross margin -120bps to -20bps, with the key driver being increased input costs as a result of the depreciation of sterling, as discussed in more detail below
- Financial Services gross margin flat to +100bps
- Group operating costs up 3.5% to 5.5% (excluding Depreciation & Amortisation), reflecting an element of IT double running costs
- Depreciation & Amortisation £29m-£30m
- Net interest £8m-£9m
- Tax rate c.20%
- Capex of c.£40m
- Net debt £300m-£320m reflecting the increased cash flow impacts of financial services customer redress payments, coupled with further advance tax cash payments related to our ongoing tax disputes with HMRC
- Exceptional costs of c.£3m, as a result of our ongoing tax disputes with HMRC

FX sensitivity

For FY18 we expect our annual purchases, net of international revenues, to be c.$125m, on which we have a hedging strategy in place, together with c.£130m, where we face indirect cost pressures due to the depreciation of sterling.

Looking at our dollar exposure specifically, for FY18, we have, to date, hedged 90% of our net purchases at a blended rate of $/£1.27. At a rate of $/£1.25, and before any mitigating actions, this would result in a c.£10m PBT headwind compared to FY17. Every 5 cents move from this rate in our unhedged position would result in a PBT sensitivity of c.£0.4m. For FY19 we have, to date, hedged 25% of our net purchases at a blended rate of $/£1.27. At a rate of $/£1.25, and before any mitigating actions, this would result in a c.£1m PBT headwind compared to FY18. Every 5 cents move from this rate in our unhedged position would result in a PBT sensitivity of c.£3.2m.

Importantly, a number of mitigating activities are underway, including supplier negotiations, fabric and production planning, markdown optimisation and our ongoing work on supplier consolidation.

Outlook

Although it is early in our new financial year, performance so far has been encouraging and in line with our expectations.

The macro-economic backdrop remains challenging for retail. This manifests itself in our cost prices through inflation, particularly in fuel, our product costs as a result of exchange rate changes, and the disposable income of our customers. Against this backdrop we remain vigilant over our core costs and efficiencies. This enables us to invest in continually improving our capabilities and the customer experience to drive future profitable growth. In FY18 specifically we also have an element of double running costs in our cost base, as we operate in two different technology worlds; this headwind will cease following the completion of our systems program.

Our significantly increased trading agility and in-season flexibility puts us in a much stronger position to respond to any changes in customer behaviour. We are planning to absorb or migitate input cost increases, as opposed to passing these on to our customers, as we believe that this stance will allow us to gain further market share and underpin future sustainable profitable growth.

FINANCIAL RESULTS

53 week year

This year we are reporting on the 53 weeks to 4th March 2017, with an extra week added to ensure that the year-end date stays close to the end of February. **In order to provide a meaningful comparison with last year's 52 week period, all P&L financial movements are reported on a 52 week basis, excluding the 53rd week, unless otherwise stated**. Where applicable, the 53rd week's known result has been used as the basis for the adjustment to provide the 52 week results, although a degree of judgement has been applied in deriving certain operating costs in respect of the final week. A detailed comparison of the 53 weeks and 52 weeks results are set out on page 16. All second half P&L financial movements relate to the 26 week period, excluding the 27th week, unless otherwise stated. All balance sheet figures are reported as at the year-end date and cash flow figures are for the 53 week period.

Revenue performance

On a statutory 53 week basis Group revenue was £900.7m, with Product revenue of £635.9m and Financial Services of £264.8m. On a 52 week basis Group revenue was +2.5% to £887.7m, with Product revenue +3.4% to £627.2m and Financial Services revenue +0.4% to £260.5m.

Revenue performance by quarter was as follows:

% yoy growth	Q1 (13wks)	Q2 (13wks)	Q3 (18wks)	Q4 (8wks)
Product	-1.6%	+2.7%	+5.9%	+6.9%
Financial Services	+3.4%	+0.7%	-0.5%	-2.3%
Group Revenue	-0.2%	+2.1%	+4.1%	+3.6%

The Q4 performance shown in the table above is for the 8 weeks to 25 February 2017, and therefore excludes the 53rd week, in order to show the underlying performance by comparing two periods with the same number of weeks. If we instead took the 9 weeks to 4 March 2017 and compared this to the 8 weeks to 27 February 2016, Product revenue would be +17.9%, Financial Services +7.4% and Group revenue +14.1%.

Revenue by category was as follows:

£m	52 weeks to 25 Feb 17	52 weeks to 27 Feb 16	Change
Ladieswear	256.5	246.1	+4.2%
Menswear	85.8	82.0	+4.6%
Footwear & Accessories	69.0	68.5	+0.7%
Home & Gift	215.9	210.0	+2.8%
Product total	627.2	606.6	+3.4%

Product revenue by category on a 53 week basis is shown in note 4 on page 26

We have changed our revenue by category allocation, moving Accessories revenue from Ladieswear into the renamed Footwear & Accessories category. This reflects our approach to these categories, with Footwear and Accessories managed by the same team.

We are pleased to report 4.2% growth in Ladieswear revenue year on year. Our performance strengthened significantly as we went through the year. In the first half revenue was down 1.1% year on year, against a weak sector backdrop and impacted by the decline in our Traditional titles. In the second half we outperformed the market and delivered revenue growth of 10.4% year on year. Our Lingerie ranges, included within Ladieswear, also recorded a strong performance with revenue up high double-digit. We saw particular success with our new Figleaves Curve range sold through both Simply Be and JD Williams.

Menswear recorded consistent growth throughout the year, and for FY17 overall revenue was up 4.6% year on year. Footwear and Accessories revenue growth of 0.7% again masks a different performance by half, with revenue in the first half down 3.6% before recovering to +5.3% in the second half.

Home and Gift revenue was up 2.8%. Our strategy in Home remains unchanged – we aim to recruit new customers to our Fashion offering, but then see customers also buying Homewares. Within Homewares we focus on categories which have higher gross margins and are more competitively differentiated, such as Furniture, Gifting, Home Textiles, Kitchen and Home Décor, and Outdoor Living. These categories overall grew by 6%, with double-digit growth rates recorded in Furniture and Outdoor Living as a result of us further improving and expanding our ranges.

Prior year figures on the new category basis are shown below for reference.

£m	H1 FY17	FY15	FY14
Ladieswear	130.9	246.2	253.4
Menswear	42.4	81.4	80.6
Footwear & Accessories	34.2	63.1	60.8
Home & Gift	93.4	192.2	181.9
Product total	300.9	582.9	576.7

Gross margin

(52 weeks ended 25 February 2017 vs 52 weeks end 27 February 2016)

Product

Product cost of goods sold (COGS) were £284.1m, compared to £265.9m in FY16. Product gross margin was 54.7%, down 150bps yoy, in line with guidance. This was primarily a result of increased promotions against a challenging sector backdrop in the first half, together with headwinds from FX rates and our inventory clearance exercise. These factors were partially offset by a further increase in our buying-in margin and a small tailwind from mix.

Financial Services

Our gross bad debt charge was £110.9m (FY16: £110.3m). This bad debt charge, together with a small number of other financial services costs, resulted in a Financial Services gross margin of 55.7%, up 110bps year on year. This increase in gross margin is a result of the improvement in the quality of the customer loan book, together with the sale of some high risk payment arrangement debt at a slightly better rate than book value.

Operating performance

The following table shows our operating performance on both a 52 and a 53 week basis**. In order to provide a meaningful comparison with last year's 52 week period, all P&L financial movements discussed in the commentary below are on a 52 week basis, excluding the 53rd week, unless otherwise stated**. Where applicable, the 53rd week's known result has been used as the basis for the adjustment to provide the 52 week results, although a degree of judgement has been applied in deriving certain operating costs in respect of the final week. Group revenue for the 53rd week was £13m whilst Group adjusted and statutory PBT was £2m. All balance sheet figures are reported as at the year-end date and cash flow figures are for the 53 week period.

£m	**53 weeks to 4 March 17**	**52 weeks to 25 Feb 17**	**52 weeks to 27 Feb 16**	**52 weeks on 52 weeks change**
Product revenue	635.9	627.2	606.6	+3.4%
Financial Services revenue	264.8	260.5	259.6	+0.4%
Group Revenue	**900.7**	**887.7**	**866.2**	**+2.5%**
Product gross profit	347.7	343.1	340.9	+0.6%
Product gross margin	54.7%	54.7%	56.2%	-150bps
Financial Services gross profit	147.5	145.2	141.7	+2.5%
Financial Services gross margin	55.7%	55.7%	54.6%	+110bps
Group Gross Profit	**495.2**	**488.3**	**482.6**	**+1.2%**
Group Gross Margin %	**55.0%**	**55.0%**	**55.7%**	**-70bps**
Warehouse & fulfilment	(81.3)	(79.6)	(76.7)	+3.8%
Marketing & production	(165.4)	(162.5)	(161.7)	+0.5%
Admin & payroll	(130.6)	(130.3)	(122.6)	+6.3%
Total operating costs	(377.3)	(372.4)	(361.0)	+3.2%
Adjusted EBITDA*	117.9	115.9	121.6	-4.7%
Adjusted EBITDA* margin	13.1%	13.1%	14.0%	-90bps
Depreciation & amortisation	(27.6)	(27.6)	(25.2)	+9.5%
Adjusted Operating Profit*	**90.3**	**88.3**	**96.4**	**-8.4%**
Adjusted Operating Margin*	10.0%	9.9%	11.1%	-120bps
Net Finance costs	(7.7)	(7.7)	(8.1)	-4.9%
Adjusted PBT*	82.6	80.6	88.3	-8.7%
Statutory PBT	57.6	55.6	72.2	-23.0%

**Before exceptionals costs and unrealized FX movement*

Warehouse and fulfilment costs increased by 3.8% to £79.6m, driven predominantly by volumes, which were up 6% year on year, together with further improvements to our delivery offering, partially offset by continued efficiencies.

Marketing costs were up 0.5% year on year. Admin and payroll costs increased by 6.3% to £130.3m, as we invested in digital talent, funded by the movement of some marketing costs.

EBITDA declined by 4.7% to £115.9m. Depreciation and amortisation increased by 9.5% to £27.6m, as a result of the investments we are making into the business. Overall, operating profit before exceptional items was £88.3m.

Net finance costs
Net finance costs were £7.7m, down 4.9% year on year, driven by lower funding costs on our securitisation facility.

Exceptional items
Exceptional costs totalled £25.2m. The split of these costs is shown below.

£m	53 weeks to 4 March 17
External costs related to taxation matters	2.5
Financial Services customer redress	22.9
Clearance store closure costs	(0.2)
Total exceptional costs	25.2

The Financial Services customer redress exceptional cost of £22.9m is discussed on page 8.

Taxation
The effective rate of corporation tax is 23.1% (FY16: 23.9%). The tax charge for the 53 week period was £13.3m (FY16: £17.3m) which meant that profit from continuing operations for the 53 weeks to 4th March 2017 was £44.3m (FY16: £54.9m).

Earnings per share
Earnings per share from continuing operations for the 53 week period were 15.67p (FY16: 19.45p). Adjusted earnings per share from continuing operations were 22.74p (FY16: 24.02p).

Dividends
The Board recognises the importance of the dividend to shareholders and accordingly, is holding the final year dividend flat on last year, at 8.56p, taking the full year dividend to 14.23p (FY16: 14.23p), as we continue to invest in the business.

Balance Sheet and Cash Flow
(53 weeks ending 4 March 2017 vs 52 weeks ended 27 February 2016)

Capital expenditure was £41.4m (FY16: £58.7m). The majority of this investment was on our systems investment programme.

Inventory levels at the period end were up 3.9% to £105.5m (FY16: £101.5m). Within this overall level, we successfully disposed of a small amount of aged stock, as planned. The higher inventory level year on year is driven by the impact of changes in exchange rates; inventory units were down 4.5% year on year.

Gross trade receivables declined by 4.0% to £599.5m (FY16: £624.7m). The provision declined from £97.6m to £64.7m, largely driven by the sale of some high risk payment arrangement debt at a slightly better rate than book value, along with ongoing progress in reducing overall debtor risk. The majority of the balance of debtors written off relate to this debt sale. Outside of this, the risk profile of our customer loan book continues to improve.

The group’s defined benefit pension scheme has a surplus of £8.3m (FY16: £10.8m surplus).

Net cash generated from operations (excluding taxation) was £87.1m compared to £86.9m last year. After funding capital expenditure, finance costs, taxation and dividends, net debt was broadly flat at £290.9m (FY16: £289.7m), in line with our expectations. Gearing levels were flat at 61%.

Unaudited condensed consolidated income statement for the 53 weeks ended 4 March

		53 weeks to 04-Mar-17	**53 weeks to 04-Mar-17**	**53 weeks to 04-Mar-17**	52 weeks to 27-Feb-16	52 weeks to 27-Feb-16	52 weeks to 27-Feb-16
		Before exceptional items	**Exceptional items (Note 5)**	**Total**	Before exceptional items	Exceptional items (Note 5)	Total
Continuing operations	**Note**	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	4	**900.7**	**-**	**900.7**	866.2	-	866.2
Operating profit	4	**90.3**	**(25.2)**	**65.1**	96.4	(17.2)	79.2
Finance costs		**(7.7)**	**-**	**(7.7)**	(8.1)	-	(8.1)
Profit before fair value adjustments to financial instruments		**82.6**	**(25.2)**	**57.4**	**88.3**	**(17.2)**	71.1
Fair value adjustments to financial instruments	7	**0.2**	**-**	**0.2**	**1.1**	**-**	1.1
Profit before taxation		**82.8**	**(25.2)**	**57.6**	**89.4**	**(17.2)**	72.2
Taxation	8	**(18.3)**	**5.0**	**(13.3)**	**(20.7)**	**3.4**	(17.3)
Profit for the period from continuing operations		**64.5**	**(20.2)**	**44.3**	**68.7**	**(13.8)**	54.9
Loss for the year from discontinued operations	6	**-**	**-**	**-**	**(0.6)**	**-**	(0.6)
Profit attributable to equity holders of the parent		**64.5**	**(20.2)**	**44.3**	**68.1**	**(13.8)**	54.3
Earnings per share from continuing operations	9						
Basic				**15.67p**			19.45p
Diluted				**15.66p**			19.43p
Earnings per share from continuing & discontinued operations	9						
Basic				**15.67p**			19.23p
Diluted				**15.66p**			19.22p

Unaudited condensed consolidated statement of comprehensive income for the 53 weeks ended 4 March 2017

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Profit for the period	**44.3**	54.3
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains on defined benefit pension schemes	**(3.1)**	12.5
Tax relating to items not reclassified	**0.6**	(2.5)
	(2.5)	10.0
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**0.5**	0.8
Total comprehensive income for the period attributable to equity holders of the parent	**42.3**	65.1

Unaudited condensed consolidated balance sheet
As at 4 March 2017

	Note	**As at 4 March 2017**	As at 27 February 2016
		£m	£m
Non-current assets			
Intangible assets	10	**141.9**	124.9
Property, plant & equipment	11	**73.5**	76.7
Retirement benefit surplus		**8.3**	10.8
Deferred tax assets		**2.4**	3.9
		226.1	216.3
Current assets			
Inventories		**105.5**	101.5
Trade and other receivables	12	**575.4**	553.4
Current tax asset		**-**	5.3
Derivative financial instruments	7	**2.5**	2.2
Cash and cash equivalents		**64.1**	45.3
		747.5	707.7
Total assets		**973.6**	924.0
Current liabilities			
Trade and other payables		**(98.9)**	(99.7)
Provisions	13	**(15.6)**	-
Current tax liability		**(13.4)**	-
		(127.9)	(99.7)
Net current assets		**619.6**	608.0
Non-current liabilities			
Bank loans		**(355.0)**	(335.0)
Provisions	13	**(4.3)**	-
Deferred tax liabilities		**(8.2)**	(13.3)
		(367.5)	(348.3)
Total liabilities		**(495.4)**	(448.0)
Net assets		**478.2**	476.0
Equity			
Share capital		**31.3**	31.3
Share premium account		**11.0**	11.0
Own shares		**(0.1)**	(0.2)
Foreign currency translation reserve		**2.3**	1.8
Retained earnings		**433.7**	432.1
Total equity		**478.2**	476.0

Unaudited condensed consolidated cash flow statement for the 53 weeks ended 4 March 2017

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Net cash from operating activities	**89.0**	64.5
Investing activities		
Purchases of property, plant and equipment	**(3.7)**	(12.1)
Purchases of intangible assets	**(38.6)**	(46.1)
Net cash used in investing activities	**(42.3)**	(58.2)
Financing activities		
Interest paid	**(7.8)**	(9.6)
Dividends paid	**(40.2)**	(40.2)
Increase in bank loans	**20.0**	48.0
Purchase of shares by ESOT	**-**	(0.4)
Proceeds on issue of shares held by ESOT	**0.1**	0.8
Net cash used in financing activities	**(27.9)**	(1.4)
Net increase in cash and cash equivalents	**18.8**	4.9
Opening cash and cash equivalents	**45.3**	40.4
Closing cash and cash equivalents	**64.1**	45.3

Reconciliation of operating profit to net cash from operating activities

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Operating profit from continuing operations	**65.1**	79.2
Operating (loss) from discontinued operations	**-**	(0.7)
Adjustments for:		
Depreciation of property, plant and equipment	**6.9**	6.0
Loss on disposal of property, plant and equipment	**-**	0.7
Amortisation of intangible assets	**20.7**	19.2
Share option charge	**0.5**	2.2
Operating cash flows before movements in working capital	**93.2**	106.6
Increase in inventories	**(4.0)**	(6.7)
(Increase)/decrease in trade and other receivables	**(21.6)**	0.9
Decrease in trade and other payables	**(0.2)**	(12.2)
Increase in provisions	**19.9**	-
Pension obligation adjustment	**(0.2)**	(1.7)
Cash generated by operations	**87.1**	86.9
Taxation received/(paid)	**1.9**	(22.4)
Net cash from operating activities	**89.0**	64.5

Unaudited condensed consolidated statement of changes in equity for the 53 weeks ended 4 March 2017

	Share capital	Share premium	Own shares	Foreign currency translation reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Changes in equity for the 53 weeks to 4 March 2017						
Balance as at 28 February 2015	**31.3**	**11.0**	**(0.3)**	**1.0**	**407.0**	**450.0**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	54.3	54.3
Other items of comprehensive income for the period	-	-	-	0.8	10.0	10.8
Total comprehensive income for the period	-	-	-	0.8	64.3	65.1
Transactions with owners recorded directly in equity						
Equity dividends	-	-	-	-	(40.2)	(40.2)
Purchase of own shares by ESOT	-	-	(0.4)	-	-	(0.4)
Issue of own shares by ESOT	-	-	0.5	-	-	0.5
Adjustment to equity for share payments	-	-	-	-	0.3	0.3
Share option charge	-	-	-	-	2.2	2.2
Tax on items recognised directly in equity	-	-	-	-	(1.5)	(1.5)
Total comprehensive income for the period	-	-	0.1	-	(39.2)	(39.1)
Balance as at 27 February 2016	**31.3**	**11.0**	**(0.2)**	**1.8**	**432.1**	**476.0**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	44.3	44.3
Other items of comprehensive income for the period	-	-	-	0.5	(2.5)	(2.0)
Total comprehensive income for the period	-	-	-	0.5	41.8	42.3
Transactions with owners recorded directly in equity						
Equity dividends	-	-	-	-	(40.2)	(40.2)
Issue of own shares by ESOT	-	-	0.1	-	-	0.1
Share option charge	-	-	-	-	0.5	0.5
Tax on items recognised directly in equity	-	-	-	-	(0.5)	(0.5)
Total comprehensive income for the period	-	-	0.1	-	(40.2)	(40.1)
Balance as at 4 March 2017	**31.3**	**11.0**	**(0.1)**	**2.3**	**433.7**	**478.2**

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

1. Basis of preparation

The group's financial statements for the 53 weeks ended 4 March 2017 will be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. As such, these do not constitute the group's statutory accounts and the group expects to publish full financial statements that comply with IFRS in May 2017.

The accounting policies and presentation adopted in the preparation of the condensed consolidated financial statements are consistent with those disclosed in the published annual report & accounts for the 52 weeks ended 27 February 2016.

There have been no new or revised accounting standards applied in the 53 weeks ended 4 March 2017.

2. Key risks and uncertainties

There are a number of potential risks and uncertainties which could have an impact on the group’s long-term performance over the next 12 months. The directors routinely monitor all risks and uncertainties taking appropriate actions to mitigate where necessary. The key risks which have been identified as potentially having a material impact on the performance of the group are as follows: business change/transformation unsuccessful; business continuity and cyber-security; regulatory environment; taxation and general competition.

A key risk facing the business is the successful delivery of the group's transformation project, Fit 4 for the Future. Whilst the implementation continues to be on time and on budget any potential delays could impact on the level of future benefits which are expected to arise from the project.

Business interruption events are an ever present possibility for the Group. Potential impacts are broad ranging and include short term disruption to trade and customer service resulting in an impact on revenue, margin and reputation. In addition, our increased online presence and reliance on digital systems raises the importance of cyber security to the Group. Forthcoming regulations in respect of data protection increase the Group’s focus in this area. Business continuity plans are in place and the group has further migrated IT systems and data security risk within the business through outsourcing IT services to a specialist IT service provider.

Recent and upcoming changes in regulation are a key consideration for the Group. Potential impacts arising from changes in regulation are: increased costs, erosion of margins and potential fines or reputational damage if response plans are not achieved.

The group continues to have a number of open taxation positions and the calculation of the group's potential taxation liabilities or assets necessarily involves a significant degree of estimation and judgment until resolution has been resolved with HMRC or through recourse to litigation.

Competing effectively across the key areas of Product, Financial Services and Customer Services remains a key driver of customer recruitment and retention. Potential consequences of competition include; loss of market share, erosion of margins and a fall in customer satisfaction. Given the uncertain macro-economic backdrop, which particularly impacts on the business though input cost inflation, remaining competitive is even more important in order to deliver growth.

3. Going concern

In determining whether the group’s accounts can be prepared on a going concern basis, the directors considered the group’s business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity position, borrowing facilities and the principal risks and uncertainties relating to its business activities.

The directors have considered carefully its cash flows and banking covenants for the next twelve months from the date of approval of the group's preliminary results. Conservative assumptions for working capital performance have been used to determine the level of financial resources available to the group and to assess liquidity risk.

The group’s forecasts and projections, after sensitivity to take account of all reasonably foreseeable changes in trading performance, show that the group will have sufficient headroom within its current loan facilities of £405m - which are committed until August 2020 - and its £20m overdraft facility.

After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence. Accordingly, they continue to adopt the going concern basis in the preparation of the interim financial statements.

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

4. Business segment

The group has one reportable segment in accordance with IFRS8 - Operating Segments which is the Home Shopping segment.

The group's board receives monthly financial information at this level and uses this information to monitor the performance of the Home Shopping segment, allocate resources and make operational decisions. Internal reporting focuses on the group as a whole and does not identify individual segments. To increase transparency, the group has decided to include an additional voluntary disclosure analysing product revenue within the reportable segment, by brand categorisation and product type categorisation.

	53 weeks to 04-Mar-17	52 weeks to 27-Feb-16
	£m	£m
Analysis of revenue - Home shopping		
Product	**635.9**	606.6
Financial services	**264.8**	259.6
	900.7	866.2
Analysis of cost of sales - Home shopping		
Product	**(288.2)**	(265.7)
Financial services	**(117.3)**	(117.9)
	(405.5)	(383.6)
Gross profit	**495.2**	482.6
Gross margin - Product	**54.7%**	56.2%
Gross margin - Financial Services	**55.7%**	54.6%
Warehouse & fulfilment	**(81.3)**	(76.7)
Marketing & production	**(165.4)**	(161.7)
Depreciation & amortisation	**(27.6)**	(25.2)
Other admin & payroll	**(130.6)**	(122.6)
Operating profit before exceptional items	**90.3**	96.4
Exceptional items (see note 5)	**(25.2)**	(17.2)
Segment result & operating profit - Home shopping	**65.1**	79.2
Finance costs	**(7.7)**	(8.1)
Fair value adjustments to financial instruments	**0.2**	1.1
Profit before taxation	**57.6**	72.2

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

4. Business segment (continued)

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Analysis of product revenue by brand		
JD Williams	**160.5**	151.2
Simply Be	**115.8**	103.9
Jacamo	**66.2**	62.8
Power brands	**342.5**	317.9
Traditional segment	**136.1**	136.0
Secondary brands	**157.3**	152.7
Total product revenue - Home shopping	**635.9**	606.6
Analysis of product revenue by category		
Ladieswear	**260.0**	246.1
Menswear	**87.0**	82.0
Footwear & accessories	**70.0**	68.5
Home & gift	**218.9**	210.0
Total product revenue - Home shopping	**635.9**	606.6

We have reclassified accessories from ladieswear to footwear FY17 and restated the comparatives by £4.7m.

The group has one significant geographical segment, which is the United Kingdom.

Revenue derived from international markets amounted to £35.8m (FY16, £31.9m) and they generated operating profits of £1.9m (FY16, losses £0.1m). All segment assets are located in the UK, Ireland and US.

5. Exceptional items

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Strategy costs	**-**	7.6
External costs related to taxation matters	**2.5**	1.6
Clearance store closures (credits)/costs	**(0.2)**	8.0
Financial services customer redress	**22.9**	-
	25.2	17.2

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

5. Exceptional items (continued)

An exceptional charge of £22.9m was recognised during the period (FY16, £nil) reflecting the costs incurred or expected to be incurred in respect of payments for historic financial services customer redress payments. Of the amount charged in the period the Group has made cash payments totalling £3.0m (FY16, £nil). See note 13.

External costs related to tax are in respect of on-going legal and professional fees which have been incurred as a result of the Group's on-going disputes with HMRC regarding a number of historical tax positions. Of the amount charged in the period the Group has made related cash payments of £1.9m (FY16, £1.6m).

Following the closure of the Group's retail clearance stores in FY16 an exceptional cost of £8.0m was recognised in respect of stock write downs, onerous lease provisions and other related closure costs. Following the exit of the remaining store leases a credit of £0.2m has been recognised to reflect the final exit cost being below that originally anticipated.

Strategy costs incurred in FY16 related to group re-organisation costs and outsourcing of IT maintenance.

6. Discontinued operations

Following a review of the business and its future profit potential, the board decided in January 2015 to close the Gray & Osbourn catalogue business.

The results of the discontinued operation, which have been included in the consolidated income and cashflow statement, were as follows:

	53 weeks to 04-Mar-17 £m	52 weeks to 27-Feb-16 £m
Revenue	**-**	4.3
Expenses	**-**	(5.0)
Loss before tax	**-**	(0.7)
Attributable tax credit	**-**	0.1
Net loss attributable to discontinued operations	**-**	(0.6)

There was no contribution to the group's profit or cash flows from the discontinued activity FY17.

7. Derivative financial instruments

At the balance sheet date, details of outstanding forward foreign exchange contracts that the group has committed to are as follows:

	53 weeks to	52 weeks to
	04-Mar-17	27-Feb-16
	£m	£m
Notional Amount - Sterling contract value	**94.2**	21.5
Fair value of asset recognised	**2.5**	2.2

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

7. Derivative financial instruments (continued)

Changes in the fair value of assets recognised, being non-hedging currency derivatives, amounted to a credit of £0.2m (FY16, credit of £1.1m) to income in the period.

The fair value of foreign currency derivatives 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 that are measured subsequent to initial recognition at fair value are all grouped into Level 2 (FY16, same).

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly (ie as prices) or indirectly (ie derived from prices).

There were no transfers between Level 1 and Level 2 in the period (FY16, same).

8. Taxation

The effective rate of corporation tax for the year from continuing activities is 23.1% (FY16, 23.9%) reflecting additional provisions in relation to certain outstanding items with HMRC. We expect our tax rate for the year ahead to continue to be aligned with the UK statutory rate which reduces to 19% in FY18.

The Group has on-going discussions with HMRC in respect of a number of Corporation tax and VAT positions. The calculation of the Group's potential liabilities or assets in respect of these involves a degree of estimation and judgement in respect of items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through legal processes. Issues can, and often do, take a number of years to resolve.

In respect of Corporation tax, as at 4 March 2017 the Group has provided a total of £3.6m (FY16: £nil) for potential corporation tax future charges based upon the Group's best estimation and judgement and, where appropriate, legal counsels opinion.

In respect of VAT, the Group has provided a total of £5.4m (FY16: £5.4m) in respect of future payments which the Directors' have a reasonable expectation of making in settlement of these historical positions.

In addition and separate to the above positions, the Group continues to be in discussion with HMRC in relation to the VAT consequences of the allocation of marketing costs between our retail and credit businesses. At this stage it is not possible to determine how the matter will be resolved. However within our year end VAT debtor is an asset of £36.0m (FY16: £21.7m) which has arisen as a result of cash payments made under protective assessments raised by HMRC and the Group estimates that a further £10m could be paid under this assessment in the forthcoming year. Based on legal counsel's opinion, we believe that we will recover this amount in full from HMRC and we are engaged in legal process to do so.

The inherent uncertainty regarding the outcome of these positions means the eventual realisation could differ from the accounting estimates and therefore impact the Group's future results and cash flows. Based upon the amounts reflected in the balance sheet as at 4 March 2017, the Directors estimate that the unfavourable settlement of these cases could result in a charge to the income statement of up to £43.3m (including the full write off of the VAT debtor noted above) and a cash payment to HMRC of up to £16.0m. The favourable settlement of these cases would result in a repayment of tax of up to £54.1m and an associated credit to the income statement of up to £29.0m.

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

9. Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period.

The adjusted earnings per share figures have also been calculated based on earnings before items that are one-off in nature, material by size and are considered to be distortive of the true underlying performance of the business (see note 5) and certain other fair value adjustments. These have been calculated to allow the shareholders to gain an understanding of the underlying trading performance of the Group. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Earnings	**53 weeks to 04-Mar-17 £m**	52 weeks to 27-Feb-16 £m
Total net profit attributable to equity holders of the parent for the purpose of basic and diluted earnings per share	**44.3**	54.3
Adjustments to exclude loss for the period from discontinued operations	**-**	0.6
Total net profit attributable to equity holders of the parent for the purpose of basic and diluted earnings per share excluding discontinued operations	**44.3**	54.9
Fair value adjustment to financial instruments (net of tax)	**(0.2)**	(0.9)
Exceptional items (net of tax)	**20.2**	13.8
Total net profit attributable to equity holders of the parent for the purpose of basic and diluted adjusted earnings per share excluding discontinued operations	**64.3**	67.8

Number of shares	53 weeks to 04-Mar-17 No. ('000s)	52 weeks to 27-Feb-16 No. ('000s)
Weighted average number of shares in issue for the purpose of basic earnings per share	**282,701**	282,316
Effect of dilutive potential ordinary shares:		
Share options	**252**	245
Weighted average number of shares in issue for the purpose of diluted earnings per share	**282,953**	282,561
Earnings per share from continuing and discontinued operations		
Basic	**15.67p**	19.23p
Diluted	**15.66p**	19.22p
Earnings per share from continuing operations		
Basic	**15.67p**	19.45p
Diluted	**15.66p**	19.43p
Adjusted earnings per share from continuing operations		
Basic	**22.74p**	24.02p
Diluted	**22.72p**	23.99p
Earnings per share from discontinued operations		
Basic	**- p**	(0.22)p
Diluted	**- p**	(0.21)p

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

10. Intangible assets

	Brands	Software	Customer database	Total
	£m	£m	£m	£m
Cost				
As at 28 February 2015	16.9	210.9	1.9	229.7
Additions	-	45.8	-	45.8
As at 27 February 2016	16.9	256.7	1.9	275.5
Additions	-	37.7	-	37.7
As at 4 March 2017	**16.9**	**294.4**	**1.9**	**313.2**
Accumulated Amortisation and impairment				
As at 28 February 2015	8.0	121.5	1.9	131.4
Charge for the period	-	19.2	-	19.2
As at 27 February 2016	8.0	140.7	1.9	150.6
Charge for the period	-	20.7	-	20.7
As at 4 March 2017	**8.0**	**161.4**	**1.9**	**171.3**
Carrying amounts				
As at 4 March 2017	**8.9**	**133.0**	**-**	**141.9**
As at 27 February 2016	8.9	116.0	-	124.9
As at 28 February 2015	8.9	89.4	-	98.3

Assets in the course of construction included in intangible assets at the period end total £88.8m (FY16, £55.3m), of which £83.4m relates to the Fit for the Future project (FY16, £50.8m). No amortisation is charged on these assets. All software additions relate to internal development. Borrowing costs of £1.3m (FY16 £nil) have been capitalised in the period using the weighted average bank loan interest rate applied to the capitalised spend on the Fit 4 the Future project. In addition the Group has spend of £16.7m (FY16 £16.5m) that relates to F4F assets which are now in use and therefore being amortised.

As at 4 March 2017, the Group had entered into contractual commitments for the further development of intangible assets of £3.0m (FY16: £3.4m) of which £1.0m (FY16: £0.9m) is due to be paid within 1 year.

Impairment testing of software intangible assets

The Group is currently undertaking a systems transformation project, Fit 4 the Future. Elements of the project are not yet available for use and are not therefore being amortised. Where intangible assets are not being amortised management have tested for impairment with the recoverable amount being determined from the value in use calculations.

The value in use calculations use cash flows based on budgets prepared by management covering a three year period. These budgets have regard to historic performance and knowledge of the current market, together with managements views on the future achievable growth and impact of the Fit 4 the Future project. Cash flows beyond this three year period are extrapolated using a long term growth rate to 5 years at which point a terminal value has been calculated based upon the long term growth rate and the Group's risk adjusted pre-tax discount rate.

Other than the detailed budgets, the key assumptions in the value in use calculations are the long-term growth rate and the risk adjusted pre-tax discount rate. The long-term growth rate has been determined with reference to forecast GDP growth which management believe is the most appropriate indicator of long-term growth rates that is available. The long-term growth rate used is purely for the impairment testing of intangible assets and and brands under IAS 36 'Impairment of Assets' and does not reflect long-term planning assumptions used by the Group for investment proposals or for any other assessments. The pre-tax discount rate is based on the Group's weighted average cost of capital, taking into account the cost of capital and borrowings, to which specific market-related premium adjustments are made. The value attributed to the key assumptions are as follows:

- Long term growth rate: 1.9% (FY16: 2.7%)
- Pre tax discount rate: 11.6% (FY16: 8.0%)

The analysis performed indicates that no impairment is required. A sensitivity analysis has been performed on each of these key assumptions with other variables held constant. Management have concluded that there are no reasonably possible changes in these key assumptions that would cause the carrying value to exceed the value in use.

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

10. Intangible assets (continued)

Impairment testing of brand intangibles

The brand names arising from the acquisitions of High and Mighty, Slimma, Figleaves, Diva and Dannimac are deemed to have indefinite lives as there are no foreseeable limits to the periods over which they are expected to generate cash inflows and are therefore subject to annual impairment tests with the recoverable amount being determined from the value in use calculations.

The value in use calculations use cash flows based on budgets prepared by management covering a three year period. These budgets have regard to historic performance and knowledge of the current market, together with managements views on the future achievable growth. Cash flows beyond this three year period are extrapolated using a long term growth rate to 5 years at which point a terminal value has been calculated based upon the long term growth rate and the Group's risk adjusted pre-tax discount rate
Other than the detailed budgets, the key assumptions in the value in use calculations are the long-term growth rate and the risk adjusted pre-tax discount rate which management have assumed to be 1.9% (FY16: 2.7%) and 12.5% (FY16: 8.0%) respectively.

The analysis performed indicates that no impairment is required. A sensitivity analysis has been performed on each of these key assumptions with other variables held constant. Management have concluded that there are no reasonably possible changes in these key assumptions that would cause the carrying value to exceed the value in use.

11. Property, plant and equipment

	Land and buildings £m	Fixtures and equipment £m	Total £m
Cost			
As at 28 February 2015	53.2	124.4	177.6
Additions	-	12.9	12.9
Disposals	-	(2.4)	(2.4)
As at 27 February 2016	53.2	134.9	188.1
Additions	-	3.7	3.7
Reclassification	5.9	(5.9)	-
As at 4 March 2017	**59.1**	**132.7**	**191.8**
Accumulated depreciation and impairment			
At 28 February 2015	12.2	94.9	107.1
Charge for the period	0.9	5.1	6.0
Eliminated on disposals	-	(1.7)	(1.7)
As at 27 February 2016	13.1	98.3	111.4
Charge for the period	1.1	5.8	6.9
Reclassification	-	-	-
As at 4 March 2017	**14.2**	**104.1**	**118.3**
Carrying amounts			
As at 4 March 2017	**44.9**	**28.6**	**73.5**
As at 27 February 2016	40.1	36.6	76.7
As at 28 February 2015	41.0	29.5	70.5

Assets in the course of construction included in fixtures and equipment at the period end total £0.3m (FY16, £13.4m), and in land and buildings total £nil (FY16, £7.0m). No depreciation is charged on these assets.

At 4 March 2017, the Group had not entered into any contractual commitments for the acquisition of property, plant and equipment (FY16, £nil).

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

12. Trade and other receivables

	As at 4 March 2017	As at 27 February 2016
	£m	£m
Amount receivable for the sale of goods and services	**599.5**	624.7
Allowance for doubtful debts	**(64.7)**	(97.6)
	534.8	527.1
Other debtors and prepayments	**40.6**	26.3
	575.4	553.4

Trade receivables are measured at amortised cost.

The average credit period given to customers for the sale of goods is 217 days (FY16, 222 days). Interest is charged at 58.7% (FY16, 58.7%) on the outstanding balance. Provision for impairment of receivables is established when there is objective evidence that the Group will be unable to collect all amounts due. For customers who find themselves in financial difficulties, the Group may offer revised payment terms to support the customer, encouraging customer rehabilitation and thereby maximising long term returns. These revised terms may also include suspension of interest for a period of time. The cash collection rates on these accounts are therefore reduced and a provision is held for all receivables on renegotiated terms. Accounts not on renegotiated terms are also assessed and all accounts that reach the trigger point of 56 days past due are considered for provision.

The Group considers 56 days past due to be objective evidence of impairment for all accounts, not on renegotiated terms. All such accounts are subject to an individual impairment provision. All accounts that are not considered individually impaired are included in a collective provision to reflect impairment triggers that are incurred but not reported (“IBNR”). The group uses historic roll rates to measure the likelihood of receivables moving into a segment which is subject to individual impairment over a 6 month emergence period. This is then used to assess the level of provision needed in relation to these incurred but not reported (“IBNR”) events.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. Credit limits and scores attributed to customers are reviewed every 28 days. The credit quality of trade receivables that are neither past due nor impaired, with regard to the historical default rate has remained stable.

Ageing of trade receivables	As at 4 March 2017 Trade receivables	Trade receivables on payment arrangements	Total trade receivables	As at 27 February 2016 Trade receivables	Trade receivables on payment arrangements	Total trade receivables
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Current – not past due	**444.2**	**53.0**	**497.2**	406.6	94.2	500.8
0 – 28 days – past due	**38.2**	**6.5**	**44.7**	41.9	14.0	55.9
29 – 56 days – past due	**18.7**	**2.5**	**21.2**	20.8	5.0	25.8
57 – 84 days – past due	**13.3**	**2.0**	**15.3**	14.4	3.4	17.8
85 – 112 days – past due	**9.1**	**1.6**	**10.7**	10.2	2.6	12.8
Over 112 days – past due	**8.1**	**2.3**	**10.4**	8.5	3.1	11.6
Gross trade receivables	**531.6**	**67.9**	**599.5**	502.4	122.3	624.7
Allowance for doubtful debts	**(30.8)**	**(33.9)**	**(64.7)**	(32.4)	(65.2)	(97.6)
Net trade receivables	**500.8**	**34.0**	**534.8**	470.0	57.1	527.1

The carrying amount of trade receivables whose terms have been renegotiated but would otherwise be past due totalled £53.0m at 4 March 2017 (FY16, £94.2m). Interest income recognised on trade receivables which have been impaired was £40.6m (FY16, £41.7m).

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

12. Trade and other receivables (continued)

Movement in the allowance for doubtful debts	**As at 4 March 2017**	As at 27 February 2016
Balance at the beginning of the period	**97.6**	100.9
Amounts charged to the income statement	**113.5**	110.3
Amounts written off	**(146.4)**	(113.6)
Balance at the end of the period	**64.7**	97.6

The amounts written off in the period of £146.4m include the sale of impaired assets with a net book value of £29m. This sale has also been a material driver in the reduction in trade receivables on payments arrangements, from £122.3m to £67.9m as at 4 March 2017.

The concentration of credit risk is limited due to the customer base being large and unrelated and comprising 1.2 million (FY16, 1.3 million) customers. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

'Other debtors and prepayments' includes a net VAT debtor as described in note 8.

Other debtors and prepayments do not include impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset. The Group does not hold any collateral over these balances.

13. Provisions

Customer Redress	Customer Redress	Total
	£m	£m
Balance as at 27 February 2016	-	-
Provisions made during the period	22.9	22.9
Provisions used during the period	(3.0)	(3.0)
Provision reversed during period	-	-
Balance at 4 March 2017	**19.9**	**19.9**
Non Current	4.3	4.3
Current	15.6	15.6
Balance at 4 March 2017	**19.9**	**19.9**

The provisions for customer redress relates to the Group's expected liabilities in respect of payments for historic financial services customer redress. The provision made is firstly in respect of recompensing certain customers due to an error in our previous calculation for redress and, secondly, our estimate of the likely future costs arising from complaints relating to financial services products sold in the past.

As at 4 March 2017 the Group holds a provision of £19.9m of which £0.8m is in respect of administration expenses. There are still a number of uncertainties as to the eventual customer redress costs, in particular the total number of claims and the cost per claim, however the Directors believe that the amounts provided at the period end, based on historical and forecasted claim rates and amounts, along with known legal and regulatory obligations, appropriately reflect the expected cost to the Group.

Notes to the unaudited condensed consolidated financial statements for the 53 weeks ended 4 March 2017

13. Provisions (continued)

The principal sensitivities in the customer redress calculation are: customer claim volume, uphold rates (which reflects the number of customer claims which result in redress) and average redress amount.

	As at 4 March 2017 Customer Redress £m
+/- 10% in customer claims volumes	+/- 0.7
+/- 5% in uphold rate	+/- 0.5
+/- 10% in average redress amount	+/- 0.7

14. Dividends

The final proposed dividend of 8.56 pence per share, subject to approval by shareholders, will be paid on 4 August 2017 to shareholders on the register at the close of business on 6 July 2017.

15. Non-statutory financial statements

The financial information set out in this announcement does not constitute the company's statutory accounts for the 53 weeks ended 4 March 2017 or the 52 weeks ended 27 February 2016. The financial information for the 52 weeks ended 27 February 2016 is derived from the statutory accounts for 27 February 2016 which have been delivered to the Registrar of Companies. The auditor has reported on the 27 February 2016 accounts; their report was i) unqualified, ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and iii) did not contain a statement under s498(2) or (3) Companies Act 2006. The audit of the statutory accounts for the 53 weeks ended 4 March 2017 is not yet complete. The statutory accounts for the 53 weeks ended 4 March 2017 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

This report was approved by the Board of Directors on 26 April 2017.