12th October 2017

FIRST HALF RESULTS FOR THE 26 WEEKS ENDED 2 SEPTEMBER 2017

CONTINUED POSITIVE TRADING MOMENTUM AND MARKET SHARE GAINS

N Brown Group Plc, the online, specialist fit, fashion retailer today announces results for the 26 weeks to 2 September 2017 (H1 FY17: 26 weeks to 27 August 2016).

£m	**26 weeks to 2 September 2017**	26 weeks to 27 August 2016	% change year on year
Product revenue	**323.5**	300.9	+7.5%
Financial Services revenue	**129.9**	128.5	+1.1%
Group revenue	**453.4**	429.4	+5.6%
Adjusted EBITDA*	**49.0**	49.1	-0.2%
Adjusted PBT**	**32.2**	31.6	+1.8%
Statutory PBT***	**(27.6)**	21.1	-
Adjusted EPS**	**8.77p**	8.95p	-2.0%
Statutory EPS***	**(7.50p)**	5.98p	-
Net debt	**305.7**	286.7	+6.6%
Interim dividend	**5.67p**	5.67p	-

** 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*
****Includes previously announced exceptional costs of £54.9m, predominantly relating to customer redress for historic general insurance products and store closures*

First half highlights:

- Strong Power Brand performance, with revenue +14.3% and active customers +7.5% (excluding Fifty Plus)
    - JD Williams brand revenue +12.1%; Fifty Plus -5.2%, migration now complete
    - Simply Be +21.0%
    - Jacamo +6.7%
    - Including the Fifty Plus title, Power Brand revenue +11.5% and active customers +5.9%
- Ladieswear revenues +9.5% with 90bps increase in market share (size 16+)
- Continued good progress with brand and retail partnerships:
    - Further new third-party brands added including Levi's, Mango, Oasis, Tommy Hilfiger and Ugg

    - Today announcing partnerships with Amazon Fashion (Simply Be and Jacamo), Namshi (Simply Be) and Debenhams (Jacamo) to sell capsule collections online
- Product gross margin -190bps to 54.0%, as expected, driven by FX headwinds
- Strong online metrics:
    - Online revenue +14% yoy; online revenue of Power Brands +21%
    - Online penetration 72%, +4ppts yoy
    - 76% of all traffic from mobile devices
- Financial Services performance driven by ongoing good quality of the customer loan book, with Financial Services gross margin +150bps to 56.5% and full year gross margin guidance increased
- High & Mighty now live on new web platform and Financial Services system. Systems investment programme now run in-house by our IT change team, with a focus on commercial return

Angela Spindler, Chief Executive, said:

"I am very pleased to report continued good trading in the half, with Simply Be the standout performer recording 21% growth. We made significant ladieswear market share gains against what remains a subdued consumer backdrop. In line with other retailers, FX rates represent a headwind and this was particularly felt this half.

"Our transformation into a flexible, online retailer continues to benefit all aspects of our business and we are today sharing our three growth levers going forwards. These are continuing to gain share in the UK, growing internationally and working in partnership with other companies to offer even more choice to our customers.

"At this early stage in the second half, current trading is on track with our plan and we are focused and well prepared for the peak trading period ahead. We are confident in our ability to deliver sustainable long-term growth and achieve our international ambitions."

Meeting for analysts and investors:
Management is hosting a presentation for analysts and investors at 10am. Please contact Nbrown@mhpc.com for further information. A live webcast of the presentation will be available at: www.nbrown.co.uk.

For further information:

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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 45+. 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 Q3 trading statement in January 2018.

First half overview

We are pleased to report a good first half performance, as we continue to benefit from the transformative changes we made to the business over the past three years.

Group revenue was up 5.6% to £453.4m, with Product revenue up 7.5% and Financial Services revenue up 1.1%. Our three Power Brands all delivered a good performance, with Simply Be the standout with revenue growth of 21.0%. Against a subdued backdrop we delivered significant ladieswear market share gains.

Product gross margin was 54.0%, down 190bps year on year, as expected, due to the headwind from exchange rate differences year on year affecting the cost of goods sold. As previously guided this impact is first half weighted. Financial Services gross margin was up 150bps, driven by the continuing improvement in the quality of the customer loan book. Our underlying operating costs were well managed, with a good performance in marketing efficiency allowing us to continue to invest in talent. Our operating costs were also impacted by IT double running costs, as guided.

Adjusted trading profit before tax was £32.2m, up 1.8% year on year. The statutory loss for the half year of £27.6m relates to previously announced exceptional costs of £54.9m (discussed in more detail on page 13) and largely relate to legacy issues.

The Board recognises the importance of the dividend to shareholders, and accordingly is proposing to hold the interim dividend consistent with last year, at 5.67p, as we continue to invest in the business to drive growth.

Future growth levers

With the business now transformed into an agile, online retailer, we are today laying out our three growth levers, which will incrementally build going forwards.

These are:

- **Gain share in the UK.** This will be driven through continual improvement in our customer experience, further development of our product offer and improving our brand cut-through. This growth lever is further driven through increasing the number of third-party brands on our websites, many of which are extended to larger sizes on an exclusive basis, offering more choice to our customers.
- **International expansion.** The USA is our first priority, however we also intend to expand to other countries, initially through Global Ship Anywhere technology, which will be live by the end of FY18. In order to achieve our international ambitions we will leverage our current organisational capabilities and embed a global culture throughout our business.
- **Partnerships.** This includes selling capsule ranges on other retailers' sites, on both a wholesale and marketplace offering. We also see a significant growth opportunity in influencer marketing, working together with bloggers and opinion formers to improve brand cut-through and further strengthen customer engagement.

Our growth will be further enabled by the loyalty Financial Services engenders, our new systems capabilities and our internal talent. Our objective is to continue to invest in the

business to grow revenue.

FY18 Guidance

We have made the following updates to FY18 guidance:

- Product gross margin -120bps to -70bps, compared to -120bps to -20bps previously
- Financial Services gross margin +100bps to +200bps, compared to flat to +100bps previously
- Group operating costs up 4.5% to 5.5%, compared to 3.5% to 5.5% previously
- Net debt £325m to £335m, compared to £300m to £320m previously, reflecting the increased cash flow impacts of exceptional costs, together with the growth of our customer loan book
- Exceptional costs of an additional c.£2m in the second half, as a result of our ongoing tax disputes with HMRC
- Tax rate c.22%

Other guidance elements are unchanged from previously announced:

- Depreciation & Amortisation £29m to £30m
- Net interest £8m to £9m
- Capex of c.£40m

First half review

KPI performance

	H1 FY18	H1 FY17	% change
CUSTOMERS			
Active customer accounts	4.4m	4.2m	+5.2%
Power Brand active customer accounts	2.2m	2.1m	+5.9%
Power Brand customers exc. Fifty Plus	1.9m	1.8m	+7.5%
% Growth of our most loyal customers*	+2.4%	-0.4%	+280bps
Customer satisfaction rating**	83.7%	86.4%	-270bps
PRODUCT			
Ladieswear market share, size 16+	5.7%	4.8%	+90bps
Menswear market share, chest 44”+	1.2%	1.2%	-
Group returns rate (rolling 12 months)	27.2%	27.0%	+20bps
ONLINE			
Online penetration	72%	68%	+4ppts
Online penetration of new customers	80%	76%	+4ppts
Conversion rate	5.3%	5.7%	-40bps
% of traffic from mobile devices	76%	70%	+6ppts
FINANCIAL SERVICES			
Customer account arrears rate (>28 days)	9.3%	9.8%	-50bps
Provision rate	10.3%	12.7%	-240bps
New credit recruits (Rollers)***	135k	120k	+13%

** 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 27th August 2017 compared to 24 weeks ending 28th August 2016.

Customer KPI’s

Our active customer file increased by 5.2% to 4.42m driven by our successful recruitment campaigns during the season. In line with our strategy of driving our Power Brands, we are pleased with the 7.5% increase in these active customers, or 5.9% if Fifty Plus is included. The migration of the Fifty Plus title into JD Williams was successfully completed at the end of the half.

Our most loyal customers, being customers who have ordered in each of the last four seasons, increased by an encouraging 2.4%, a continuation of the improving trend reported for the second half of last year. This was due to both the good Power Brand performance together with the improvement in our Traditional segment.

At 83.7%, our most recent customer satisfaction score from the UK Institute of Customer Service is 270bps lower than our previous score, however we remain ahead of the sector average. The decline was driven by two factors; firstly, a good season for new customer

recruitment, which typically dilutes perception and secondly, a fire at a delivery partner's distribution centre caused significant delivery problems for a small group of customers, having a disproportionate impact on the satisfaction score.

Product KPI's

Market share in Ladieswear (size 16+) was up 90bps at 5.7%, with significant gains across all age ranges. We also gained share in the size 16-18 segment. Our menswear market share was flat at 1.2%, with gains in the younger age groups. Our market share gains are a direct result of the investments we have made in our design team, our merchandising capabilities and our buying skills.

Our returns rate increased by 20bps to 27.2%. This was driven entirely by mix, with Ladieswear, which has a naturally higher returns rate, outperforming. This dynamic was partially offset by the ongoing increase in the proportion of cash customers.

Online KPI's

Online revenue was up 14% year on year, and up 21% in our Power Brands. Online accounted for 72% of our sales during the half, up 4ppts year on year. 80% of sales from new customers were generated online, also up 4ppts on H1 FY17.

Mobile devices (smartphones and tablets) accounted for 76% of online traffic in the half, up 6ppts. Within this, smartphone sessions increased by 54% and now account for over half of all traffic. The increase in smartphone usage continued to cause our overall conversion rate to decline to 5.3% compared to 5.7% last year. This remains encouragingly above the industry average. The conversion rate for smartphones specifically exceeded 4% for the first time.

We are pleased with the performance of our first shopping app for Simply Be. To date we have an average five star rating and our conversion rate is ahead of our expectations. We will continue to improve our app offering in the year ahead.

Financial Services KPI's

We continue to perform well in Financial Services, driven by a continued improvement in the quality of the customer loan book. This resulted in revenue being up 1.1% year on year. Within this, interest payments grew low single digits, whilst non-interest lines were down double-digit. The improvement in the quality of the loan book continues to be reflected in the gross margin performance, which was up 150bps year on year to 56.5%.

Credit arrears (>28 days) were 9.3%, down 50bps year-on-year, driven by the improvement in the quality of the book. The provision rate was 10.3%, down 240bps versus last year. As in FY17, this benefitted from the sale of a small amount of high risk payment arrangement debt, which we were able to sell for a slightly better rate than book value. We expect the rate to remain broadly steady for the remainder of the year.

We had an encouraging performance recruiting new credit customers who rolled a balance, with an increase of 13% compared to the first half of FY17. This was driven by both the good product revenue performance in the half and encouraging early results from the trial offering a lower APR for qualifying new customers on our three Power Brands. This trial continues ahead of the rollout of full variable APR functionality in 2018.

On July 13th we announced a potential customer redress related to historic general insurance products. This was as a result of identifying flaws in certain products which were provided by a third party insurance underwriter and sold by the Group to its customers between 2006 and 2014 and followed a review prompted by an industry-wide request from the FCA that firms ensure that general insurance products and add-ons offer value for their customers. The vast majority of these products were sold to the Group's customers in the period leading up to, and including, 2011. Sales of the relevant products ceased in early 2014. As a result we have incurred an exceptional cost of £40m in the first half, in line with our previous guidance of £35 million to £40 million. We continue to explore mitigating actions to reduce the overall net cost. The cashflow impact of this is forecast to materially occur from FY19 onward, and the Group anticipates funding the full cost of customer redress from existing resources.

Performance by brand

Revenue, £m	**H1 FY18**	**H1 FY17**	**Change**
JD Williams	81.1	75.8	+6.9%
Simply Be	64.5	53.3	+21.0%
Jacamo	33.5	31.4	+6.7%
Power Brands	**179.1**	**160.5**	**+11.5%**
Secondary Brands	76.3	75.2	+1.4%
Traditional Segment	68.1	65.2	+4.4%
Product total	**323.5**	**300.9**	**+7.5%**
Financial Services	**129.9**	**128.5**	**+1.1%**
Group	**453.4**	**429.4**	**+5.6%**

JD Williams

JD Williams' product revenue was £81.1m, up 6.9% yoy. Within this, the JD Williams brand was up 12.1% and Fifty Plus was down 5.2%, as expected. The migration of Fifty Plus is now complete.

For the new Autumn Winter season we have refreshed the JD Williams brand proposition, launching JD Williams "The Lifestore". The JD Williams Lifestore brand aims to celebrate the attitudes, interests and ambitions of our female customers and positions the brand as a modern online department store for the 45 – 60 year old woman. Dubbed 'A Colourful Life', the new season advertising campaign stars five female models in a series of life moments including starting a new career, dating and reclaiming the home after children leave the nest,

set to an uplifting soundtrack, Woman by the artist Ruelle.

To support the brand's new-look and the AW17 ad campaign, we launched The Midster Report 2017: a state of the nation report surveying over 2,000 women aged 45 – 65, looking into body confidence, style and shopping behaviours, as well as women's attitudes towards key life moments such as relationships, dating, healthy living, life adventures and home and work-life balance. We hope our inspiring campaign will challenge traditional preconceptions of women in their 40s and 50s, redefining what it means to be 'middle aged', or, 'Midster', as we prefer to describe them.

Simply Be is the go-to online brand for 25-45 year old confident curvy women. Simply Be had a very good performance during the half, with product revenue up 21.0%. Our #WeAreCurves campaign resonated strongly with customers, and we have built on the campaign further for the season ahead.

As part of our continued championing of size inclusivity and body confidence, we recently held a Curve Catwalk on the eve of London Fashion Week. This was led by models and influencers including Tess Holliday, Hayley Hasselhoff and Felicity Hayward. The show was shoppable and streamed on the Simply Be site, backed by significant social media activity and had a total media reach of over 10million people.

Jacamo caters for 25-45 year old men of all body shapes and sizes, from small to 5XL. Jacamo product revenue was up 6.7% with active customers growing at almost double this rate.

Our delivery subscription offering Jacamo Unlimited, launched in February 2017, has been very successful, with a double-digit increase in both order frequency and net sales per customer. We will be extending a delivery subscription offer to other brands in the future.

Alongside our successful partnership with brand ambassador Freddie Flintoff, we also teamed up with Tom Morgan from television show The Undateables to promote our Jacamo own-brand summer range, with Tom posing for a series of untouched images to encourage all men to be comfortable in their own skin.

Secondary brands revenue increased by 1.4%. Within this, Fashion World and Marisota both achieved good performances. Figleaves saw a revenue decline, in line with our expectations, as the new management team restructured the business and optimised our marketing approach. Going forwards we are now in a position to drive growth in this business. High & Mighty revenue declined year on year as we reduced marketing spend ahead of the new site go-live.

The **Traditional segment** recorded revenue growth of 4.4% year on year as the actions we took to address performance worked well. Looking forward, our strategy in Traditional remains unchanged, that is, to hold overall revenues broadly flat through gaining share in this declining market.

Systems investment programme

The new platform is now live on the High & Mighty and USA sites, for High & Mighty this includes our new Financial Services system. As previously described, the programme has now been substantially scaled down, reducing costs, and our in-house IT change team are now delivering enhanced functionality through fortnightly releases. Our approach going forward will be to prioritise and focus on the developments that deliver the highest returns, such as Global Ship Anywhere and mobile Apps. Based on priorities, the timescale for migrating other brands onto the new platform is expected to commence in Q2 FY18. We will optimise the timing of these migrations to minimize commercial disruption.

International

USA revenue was £8.1m, up 6.1% year on year (down 4.4% in constant currency terms), as expected. We stepped up our marketing investment towards the end of the period in order to drive new customer recruitment going forwards.

Ireland delivered revenues of £8.5m, up 17.3% year on year, or 7.4% in constant currency terms.

Stores

In our first quarter trading statement we announced the closure of five dual fascia Simply Be and Jacamo stores as a result of weak high-street footfall, both current and predicted, together with significant future business rate increases for some stores. Together these five stores contributed £5.0m revenue but accounted for the entire £2.0m operating loss of our store estate in FY17. The store closures have now been completed, effective end of August, and have resulted in an exceptional cost of £13.8m in line with our previous guidance.

Overall, revenue from our store estate was £10.6m (H1 FY17: £11.5m). As at the end of the first half we had 18 stores open, split 10 dual Simply Be and Jacamo stores (H1 FY17: 15), and eight High & Mighty stores (H1 FY17: nine).

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, we are 100% hedged for the current financial year at a blended rate of $/£1.29. This compares to a blended hedged rate of $/£1.41 in FY17.

For FY19 we have, to date, hedged 56% of our net purchases at a blended rate of $/£1.30. At a rate of $/£1.30, and before any mitigating actions, this would result in a c.£1m PBT tailwind compared to FY18. Every 5 cents move from this rate in our unhedged position would result in a PBT sensitivity of c.£1.7m.

FINANCIAL RESULTS

Revenue performance

Revenue performance by quarter was as follows:

% yoy growth	Q1 (13wks)	Q2 (13wks)
Product	+10.2%	+4.9%
Financial Services	-4.9%	+7.2%
Group Revenue	+5.6%	+5.6%

The Q2 product performance is impacted by the comparable figures in the prior year, with a 4ppts tougher comparative in Q2 versus Q1.

Revenue by category was as follows:

£m	H1 FY18	H1 FY17	Change
Ladieswear	143.4	130.9	+9.5%
Menswear	44.9	42.4	+5.9%
Footwear & Accessories	38.7	34.2	+13.2%
Home & Gift	96.5	93.4	+3.3%
Product total	323.5	300.9	+7.5%

Gross margin

Product

Product cost of goods sold (COGS) were £148.7m, compared to £132.8m in H1 FY17. Product gross margin was 54.0%, down 190bps yoy, in line with our expectations. This was entirely due to the impact of FX rates year on year following the EU referendum. This impact was partially offset by the benefits of lower promotions and better underlying input prices.

Financial Services

Our gross bad debt charge was £54.3m (H1 FY17: £55.1m). This bad debt charge, together with a small number of other financial services costs, resulted in a Financial Services gross margin of 56.5%, up 150bps year on year. This increase in gross margin is predominantly the result of continued 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

£m	H1 FY18	H1 FY17	Change
Product revenue	323.5	300.9	+7.5%
Financial Services revenue	129.9	128.5	+1.1%
Group Revenue	**453.4**	**429.4**	**+5.6%**
Product gross profit	174.8	168.1	+4.0%
Product gross margin	54.0%	55.9%	-190bps
Financial Services gross profit	73.5	70.7	+3.9%
Financial Services gross margin	56.5%	55.0%	+150bps
Group Gross Profit	**248.3**	**238.8**	**+4.0%**
Group Gross Margin %	**54.8%**	**55.6%**	**-80bps**
Warehouse & fulfilment	(42.5)	(38.2)	+11.3%
Marketing & production	(88.2)	(87.5)	+0.8%
Admin & payroll	(68.6)	(64.0)	+7.0%
Total operating costs	(199.3)	(189.7)	+4.8%
Adjusted EBITDA*	49.0	49.1	-0.2%
Adjusted EBITDA* margin	10.8%	11.4%	-60bps
Depreciation & amortisation	(12.9)	(13.6)	-4.9%
Adjusted Operating Profit**	**36.1**	**35.5**	**+1.6%**
Adjusted Operating Margin**	8.0%	8.3%	-30bps
Net Finance costs	(3.9)	(3.9)	+0.3%
Adjusted PBT**	**32.2**	**31.6**	**+1.8%**
Exceptional items	(54.9)	(10.2)	
Unrealised FX movement	(4.9)	(0.3)	
Statutory PBT	**(27.6)**	**21.1**	

** 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*

Warehouse and fulfilment costs increased by 11.3% to £42.5m. This was driven predominantly by volumes, which were up 7% year on year, together inflationary pressures in fuel and labour, and further improvements to our delivery offering, partially offset by continued efficiencies.

Marketing costs were up 0.8% year on year, significantly below the rate of product revenue

growth as we drove efficiency. Admin and payroll costs increased by 7.0%, due to double running IT costs, as previously guided, together with our continued investment in recruiting and retaining great talent.

EBITDA declined marginally to £49.0m. Depreciation and Amortisation decreased by 4.9% due to timing factors. Our guidance for the full year is £28m to £29m, implying a step up in the second half. Overall, operating profit before exceptional items was £36.1m, up 1.6% year on year.

Net finance costs

Net finance costs were £3.9m, flat on the H1 FY17, as a result of lower funding costs on our securitisation facility offset by a slight increase in net debt.

Exceptional items

Exceptional costs totalled £54.9m and are in line with prior announcements. The split of these costs is shown below.

£m	H1 FY18
Customer redress for historic insurance products	40.0
Store closures	13.8
External costs related to taxation matters	1.1
Total exceptional costs	54.9

The customer redress for historic insurance products is discussed on page 8.

The store closure exceptional cost was announced as part of our Q1 trading statement. Effective end of August we closed five Simply Be and Jacamo dual-fascia stores. This decision took into account weak high-street footfall, both current and predicted, together with significant future business rate increases for some stores. Together, these five stores contributed £5.0m revenue but accounted for the entire £2.0m operating loss of our store estate in FY17.

Taxation

The effective underlying rate of corporation tax is 23.2% (H1 FY17: 20.0%). The overall tax charge was a credit of £6.4m (H1 FY17: £4.2m charge), as we recognised a tax credit due to the loss in the period.

Earnings per share

Earnings per share from continuing operations was a loss of 7.50p (H1 FY17: 5.98p). Adjusted earnings per share from continuing operations were 8.77p (H1 FY17: 8.95p).

Dividends

The Board recognises the importance of the dividend to shareholders, and accordingly is proposing to hold the interim dividend consistent with last year, at 5.67p, as we continue to invest in the business to drive growth.

Balance Sheet and Cash Flow
Capital expenditure was £21.8m (H1 FY17: £19.3m). Inventory levels at the period end were up 5.9%, lower than the product revenue growth rate, to £104.7m (H1 FY17: £99.0m).

Gross trade receivables increased by 1.5% to £611.5m (H1 FY17: £601.8m). The provision declined from £76.4m to £62.8m, driven both 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. These two factors were partially offset by an increase in new credit recruits and average balance growth.

The group's defined benefit pension scheme has a surplus of £8.7m (H1 FY17: £0.5m surplus). This surplus is broadly in line with the year-end figure, with the first half of last year being impacted by weaker bond rates as a result of the EU referendum.

Net cash generated from operations (excluding taxation) was £43.8m compared to £59.2m last year. After funding capital expenditure, finance costs, taxation and dividends, net debt increased from £290.9m to £305.7m (H1 FY17: £286.7m), in line with our expectations. The £548.7m net customer loan book significantly exceeds this net debt figure.

Unaudited condensed consolidated income statement

Continuing operations	Note	26 weeks to 02-Sep-17 Before Exceptional items £m	26 weeks to 02-Sep-17 Exceptional items (note 5) £m	26 weeks to 02-Sep-17 Total £m	26 weeks to 27-Aug-16 Before Exceptional items £m	26 weeks to 27-Aug-16 Exceptional items (note 5) £m	26 weeks to 27-Aug-16 Total £m	53 weeks to 04-Mar-17 Total £m
Revenue	4	**453.4**	**-**	**453.4**	429.4	-	429.4	900.7
Operating (loss) / profit	4	**36.1**	**(54.9)**	**(18.8)**	35.5	(10.2)	25.3	65.1
Finance costs		**(3.9)**	**-**	**(3.9)**	(3.9)	-	(3.9)	(7.7)
(Loss) / Profit before taxation and fair value adjustments to financial instruments		**32.2**	**(54.9)**	**(22.7)**	31.6	(10.2)	21.4	57.4
Fair value adjustments to financial instruments	6	**(4.9)**	**-**	**(4.9)**	(0.3)	-	(0.3)	0.2
(Loss) / Profit before taxation		**27.3**	**(54.9)**	**(27.6)**	31.3	(10.2)	21.1	57.6
Taxation	7	**(6.3)**	**12.7**	**6.4**	(6.2)	2.0	(4.2)	(13.3)
(Loss) / Profit for the year		**21.0**	**(42.2)**	**(21.2)**	25.1	(8.2)	16.9	44.3
(Loss) / Profit attributable to equity holders of the parent		**21.0**	**(42.2)**	**(21.2)**	25.1	(8.2)	16.9	44.3
Loss / earnings per share	8							
Basic				**(7.50)p**			5.98 p	15.67p
Diluted				**(7.50)p**			5.98 p	15.66p

Unaudited condensed consolidated statement of comprehensive income

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
(Loss) / Profit for the period	**(21.2)**	16.9	44.3
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / (losses) on defined benefit pension schemes	**0.1**	(10.7)	(3.1)
Tax relating to items not reclassified	**(0.1)**	1.9	0.6
	-	(8.8)	(2.5)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(0.6)**	0.4	0.5
Total comprehensive (loss) / income for the period attributable to equity holders of the parent	**(21.8)**	8.5	42.3

Unaudited condensed consolidated balance sheet

	Note	**02-Sep-17 £m**	27-Aug-16 £m	04-Mar-17 £m
Non-current assets				
Intangible assets	9	**153.4**	130.5	141.9
Property, plant & equipment	10	**71.4**	76.7	73.5
Retirement benefit surplus		**8.7**	0.5	8.3
Deferred tax assets		**2.3**	3.9	2.4
		235.8	211.6	226.1
Current assets				
Inventories		**104.7**	99.0	105.5
Trade and other receivables	11	**594.6**	561.7	575.4
Current tax asset		**1.5**	9.7	-
Derivative financial instruments	6	-	1.9	2.5
Cash and cash equivalents		**59.3**	48.3	64.1
		760.1	720.6	747.5
Total assets		**995.9**	932.2	973.6
Current liabilities				
Trade and other payables		**(120.4)**	(116.9)	(98.9)
Provisions	13	**(37.2)**	(7.1)	(15.6)
Derivative financial instruments	6	**(2.4)**	-	-
Current tax liability		-	-	(13.4)
		(160.0)	(124.0)	(127.9)
Net current assets		**600.1**	596.6	619.6
Non-current liabilities				
Bank loans		**(365.0)**	(335.0)	(355.0)
Provisions	13	**(29.7)**	(0.8)	(4.3)
Deferred tax liabilities		**(8.2)**	(11.5)	(8.2)
		(402.9)	(347.3)	(367.5)
Total liabilities		**(562.9)**	(471.3)	(495.4)
Net assets		**433.0**	460.9	478.2
Equity				
Share capital		**31.3**	31.3	31.3
Share premium account		**11.0**	11.0	11.0
Own shares		**(0.1)**	(0.1)	(0.1)
Foreign currency translation reserve		**1.7**	2.2	2.3
Retained earnings		**389.1**	416.5	433.7
Total equity		**433.0**	460.9	478.2

Unaudited condensed consolidated cash flow statement

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Net cash from operating activities	**35.3**	50.7	89.0
Investing activities			
Purchases of property, plant and equipment	**(1.2)**	(3.0)	(3.7)
Purchases of intangible assets	**(20.6)**	(16.3)	(38.6)
Net cash used in investing activities	**(21.8)**	(19.3)	(42.3)
Financing activities			
Interest paid	**(4.1)**	(4.3)	(7.8)
Dividends paid	**(24.2)**	(24.2)	(40.2)
Increase in bank loans	**10.0**	-	20.0
Purchase of shares by ESOT	**-**	-	0.1
Proceeds on issue of shares held by ESOT	**-**	0.1	-
Net cash used in financing activities	**(18.3)**	(28.4)	(27.9)
Net (decrease) / increase in cash and cash equivalents	**(4.8)**	3.0	18.8
Opening cash and cash equivalents	**64.1**	45.3	45.3
Closing cash and cash equivalents	**59.3**	48.3	64.1

Reconciliation of operating (loss) / profit to net cash from operating activities

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Operating (loss) / profit from operations	**(18.8)**	25.3	65.1
Adjustments for:			
Depreciation of property, plant and equipment	**2.8**	2.7	6.9
Amortisation of intangible assets	**10.1**	10.9	20.7
Share option charge	**0.8**	0.5	0.5
Operating cash flows before movements in working capital	**(5.1)**	39.4	93.2
Decrease/(increase) in inventories	**0.8**	2.5	(4.0)
Increase in trade and other receivables	**(19.7)**	(7.6)	(21.6)
Increase/(decrease) in trade and other payables	**20.9**	17.2	(0.2)
Increase in provisions	**47.2**	7.9	19.9
Pension obligation adjustment	**(0.3)**	(0.2)	(0.2)
Cash generated by operations	**43.8**	59.2	87.1
Taxation paid	**(8.5)**	(8.5)	1.9
Net cash from operating activities	**35.3**	50.7	89.0

Unaudited condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Own shares £m	Foreign currency translation reserve £m	Retained earnings £m	Total £m
Changes in equity for the 26 weeks to 2 September 2017						
Balance at 4 March 2017	31.3	11.0	(0.1)	2.3	433.7	478.2
Comprehensive income for the period						
Loss for the period	-	-	-	-	(21.2)	(21.2)
Other items of comprehensive loss for the period	-	-	-	(0.6)	-	(0.6)
Total comprehensive (loss) for the period	-	-	-	(0.6)	(21.2)	(21.8)
Transactions with owners recorded directly in equity						
Equity dividends	-	-	-	-	(24.2)	(24.2)
Issue of own shares by ESOT	-	-	-	-	-	-
Share option credit	-	-	-	-	0.8	0.8
Tax on items recognised directly in equity	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	(23.4)	(23.4)
Balance at 2 September 2017	**31.3**	**11.0**	**(0.1)**	**1.7**	**389.1**	**433.0**
Changes in equity for the 26 weeks to 27 August 2016						
Balance at 27 February 2016	31.3	11.0	(0.2)	1.8	432.1	476.0
Comprehensive income for the period						
Profit for the period	-	-	-	-	16.9	16.9
Other items of comprehensive income / (loss) for the period	-	-	-	0.4	(8.8)	(8.4)
Total comprehensive income for the period	-	-	-	0.4	8.1	8.5
Transactions with owners recorded directly in equity						
Equity dividends	-	-	-	-	(24.2)	(24.2)
Purchase of own shares by ESOT	-	-	-	-	-	-
Issue of own shares by ESOT	-	-	0.1	-	-	0.1
Adjustment to equity for share payments	-	-	-	-	-	-
Share option credit	-	-	-	-	0.5	0.5
Tax on items recognised directly in equity	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	0.1	-	(23.7)	(23.6)
Balance at 27 August 2016	**31.3**	**11.0**	**(0.1)**	**2.2**	**416.5**	**460.9**
Changes in equity for the 53 weeks to 4 March 2017						
Balance at 27 February 2016	31.3	11.0	(0.2)	1.8	432.1	476.0
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 credit	-	-	-	-	0.5	0.5
Tax on items recognised directly in equity	-	-	-	-	(0.5)	(0.5)
Total contributions by and distributions to owners	-	-	0.1	-	(40.2)	(40.1)
Balance at 4 March 2017	**31.3**	**11.0**	**(0.1)**	**2.3**	**433.7**	**478.2**

Notes to the unaudited condensed consolidated financial statements

1. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the 53 week period ended 4 March 2017. The comparative figures for the 53 week period ended 4 March 2017 are not the company's statutory accounts for that financial period. Those accounts 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 drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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.

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.

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. Further details are included in note 7.

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 interim 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 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

4. Business segments	**26 weeks to 02-Sep-17 £m**	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Analysis of revenue - Home shopping			
Product	**323.5**	300.9	635.9
Financial services	**129.9**	128.5	264.8
	453.4	429.4	900.7
Analysis of cost of sales - Home shopping			
Product	**(148.7)**	(132.8)	(288.2)
Financial services	**(56.4)**	(57.8)	(117.3)
	(205.1)	(190.6)	(405.5)
Gross profit	**248.3**	238.8	495.2
Gross margin - Product	**54.0%**	55.9%	54.7%
Gross margin - Financial Services	**56.5%**	55.0%	55.7%
Warehouse & fulfilment	**(42.5)**	(38.2)	(81.3)
Marketing & production	**(88.2)**	(87.5)	(165.4)
Depreciation & amortisation	**(12.9)**	(13.6)	(27.6)
Other admin & payroll	**(68.6)**	(64.0)	(130.6)
Operating profit before exceptionals	**36.1**	35.5	90.3
Exceptional items (see note 5)	**(54.9)**	(10.2)	(25.2)
Segment result & operating (loss) / profit - Home shopping	**(18.8)**	25.3	65.1
Finance costs	**(3.9)**	(3.9)	(7.7)
Fair value adjustments to financial instruments	**(4.9)**	(0.3)	0.2
(Loss) / Profit before taxation	**(27.6)**	21.1	57.6

4. Business segments (continued)

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.

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Analysis of product revenue by brand			
JD Williams	**81.1**	75.8	160.5
Simply Be	**64.5**	53.3	115.8
Jacamo	**33.5**	31.4	66.2
Power brands	**179.1**	160.5	342.5
Traditional segment	**68.1**	65.2	136.1
Secondary brands	**76.3**	75.2	157.3
Total product revenue - Home shopping	**323.5**	300.9	635.9
Analysis of product revenue by category			
Ladieswear	**143.4**	130.9	260.0
Menswear	**44.9**	42.4	87.0
Footwear and accessories	**38.7**	34.2	70.0
Home and gift	**96.5**	93.4	218.9
Total product revenue - Home shopping	**323.5**	300.9	635.9

We have reclassified accessories from ladieswear to footwear and accessories in H1 FY18 and FY17 and restated the comparatives for HYE FY17 by £3.4m.

The group has one significant geographical segment, which is the United Kingdom.
Revenue derived from international markets amounted to £18.7m (H1 FY17, £17.2m).
All segment assets are located in the UK, Ireland and USA. The assets in USA and Ireland total £8.5m (H1 FY17, £7.9m)

5. Exceptional items

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
External costs related to taxation matters	**1.1**	1.2	2.5
Store closure costs / (credits)	**13.8**	-	(0.2)
Financial services customer redress	**40.0**	9.0	22.9
	54.9	10.2	25.2

Following a recent industry-wide request from the FCA that firms ensure that general insurance products and add-ons offer value for their customers, the Group identified flaws in certain insurance products which were provided by a third party insurance underwriter and sold by the Group to its customers between 2006 and 2014, with the majority sold up to and including 2011.

Following an assessment of the cost of potential customer redress, an exceptional charge of £40.0m was recognised during the period.

During the previous year, an exceptional charge of £22.9m (H1 FY17 £9.0m) was recognised reflecting costs incurred or expected to be incurred in respect of payments for historical financial services customer redress.

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.

In line with our strategy of reshaping our retail offering, during the period five loss making retail stores were closed which has resulted in non recurring cost of £13.8m in respect of asset write offs, onerous lease provisions and other related store closure costs.

Following the closures in 2016 of the clearance stores, the credit in FY17 represents lease exit costs being lower than originally anticipated.

Notes to the unaudited condensed consolidated financial statements

6. Derivative financial instruments

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

	26 weeks to 02-Sep-17 £m	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Notional Amount - Sterling contract value	**148.5**	45.5	94.2
Fair value of asset recognised	**-**	1.9	2.5
Fair value of (liability) recognised	**(2.4)**	-	-

Changes in the fair value of assets / (liabilities) recognised, being non-hedging currency derivatives, amounted to a charge of £4.9m (H1 FY17, £0.3m) 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 (H1 FY17, 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 during the period (H1 FY17, same).

7. Taxation

The taxation credit for the 26 weeks ended 2 September 2017 is based on the estimated effective tax rate for the full year of 23.2% (H1 FY17, 20%).

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 2 September 2017 the Group has provided a total of £4.6m (FY17: £3.6m) 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 (FY17: £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 half year end VAT debtor is an asset of £36.0m (FY17: £36.0m) 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 a 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 2 September 2017, the Directors estimate that the unfavourable settlement of these cases could result in a charge to the income statement of up to £46.8m (including the full write off of the VAT debtor noted above) and a cash payment to HMRC of up to £22.7m. The favourable settlement of these cases would result in a repayment of tax of up to £53.1m and an associated credit to the income statement of up to £29.0m.

Notes to the unaudited condensed consolidated financial statements

8. (Loss) / Earnings per share

Earnings	**26 weeks to 02-Sep-17 £m**	26 weeks to 27-Aug-16 £m	53 weeks to 04-Mar-17 £m
Total net (loss) / profit attributable to equity holders of the parent for the purpose of basic and diluted earnings per share	**(21.2)**	16.9	44.3
Fair value adjustment to financial instruments (net of tax)	**3.8**	0.2	(0.2)
Exceptional items (net of tax)	**42.2**	8.2	20.2
Total net profit attributable to equity holders of the parent for the purpose of basic and diluted adjusted earnings per share	**24.8**	25.3	64.3

Number of shares	**26 weeks to 02-Sep-17 No. ('000s)**	26 weeks to 27-Aug-16 No. ('000s)	53 weeks to 04-Mar-17 No. ('000s)
Weighted average number of shares in issue for the purpose of basic earnings per share	**282,795**	282,613	282,701
Effect of dilutive potential ordinary shares:			
Share options	**-**	101	252
Weighted average number of shares in issue for the purpose of diluted earnings per share	**282,795**	282,714	282,953

(Loss) / Earnings per share			
Basic	**(7.50) p**	5.98 p	15.67 p
Diluted	**(7.50) p**	5.98 p	15.66 p

Adjusted earnings per share			
Basic	**8.77 p**	8.95 p	22.74 p
Diluted	**8.77 p**	8.95 p	22.72 p

Notes to the unaudited condensed consolidated financial statements

9. Intangible assets

	Brands	Software	Customer database	Total
	£m	£m	£m	£m
Cost				
At 27 February 2016	16.9	256.7	1.9	275.5
Additions	-	16.5	-	16.5
At 27 August 2016	16.9	273.2	1.9	292.0
Additions	-	21.2	-	21.2
At 4 March 2017	16.9	294.4	1.9	313.2
Additions	-	21.6	-	21.6
At 2 September 2017	**16.9**	**316.0**	**1.9**	**334.8**
Amortisation				
At 27 February 2016	8.0	140.7	1.9	150.6
Charge for the period	-	10.9	-	10.9
At 27 August 2016	8.0	151.6	1.9	161.5
Charge for the period	-	9.8	-	9.8
At 4 March 2017	8.0	161.4	1.9	171.3
Charge for the period	-	10.1	-	10.1
At 2 September 2017	**8.0**	**171.5**	**1.9**	**181.4**
Carrying amounts				
At 2 September 2017	**8.9**	**144.5**	**-**	**153.4**
At 4 March 2017	8.9	133.0	-	141.9
At 27 August 2016	8.9	121.6	-	130.5

Assets in the course of construction included in intangible assets at H1 FY18 total £106.1m (H1 FY17, £69.3m), of which £100.4m relates to the Fit for the Future project (H1 FY17, £65.7m). No amortisation is charged on these assets until they are available for use.
In addition the Group has spend of £16.7m (H1 FY17 £16.7m) that relates to F4F assets which are now in use and therefore being amortised.

10. Property, plant and equipment

Additions to tangible fixed assets during the period of £0.6m (H1 FY17, £2.7m) primarily relate to warehousing. Depreciation of £2.8m (H1 FY17, £2.7m) was charged during the period.

Assets in the course of construction included in fixtures and equipment at H1 FY17 total £0.4m (H1 FY17, £0.9m), and in land and buildings total £nil (H1 FY17, £21.5m). No depreciation is charged on these assets until they are available for commercial use.

Notes to the unaudited condensed consolidated financial statements

11. Trade and other receivables

	02-Sep-17	27-Aug-16	04-Mar-17
	£m	£m	£m
Amount receivable for the sale of goods and services	**611.5**	601.8	599.5
Allowance for doubtful debts	**(62.8)**	(76.4)	(64.7)
	548.7	525.4	534.8
Other debtors and prepayments	**45.9**	36.3	40.6
	594.6	561.7	575.4

Movement in the allowance for doubtful debts

	02-Sep-17	27-Aug-16	04-Mar-17
Balance at the beginning of the period	**64.7**	97.6	97.6
Amounts charged to the income statement	**54.3**	55.1	113.5
Amounts written off	**(56.2)**	(76.3)	(146.4)
Balance at the end of the period	**62.8**	76.4	64.7

Notes to the unaudited condensed consolidated financial statements

12. Dividends

The directors have declared and approved an interim dividend of 5.67 pence per share (H1 FY17 5.67p).
This will be paid on 12 January 2018 to shareholders on the register at the close of business on 13 December 2017.

During H1 FY18 dividends of £24.2m relating to FY17 were paid.

13. Provisions

	Customer Redress £m	Store Closures £m	Total £m
Balance at 27 February 2016	-	-	-
Provisions made during the period	9.0	-	**9.0**
Provisions used during the period	(1.1)	-	**(1.1)**
Provisions reversed through the period	-	-	**-**
Balance at 26 August 2016	7.9	-	**7.9**
Provisions made during the period	13.9	-	**13.9**
Provisions used during the period	(1.9)	-	**(1.9)**
Provisions reversed through the period	-	-	**-**
Balance at 4 March 2017	19.9	-	**19.9**
Provisions made during the period	40.0	13.8	**53.8**
Provisions used during the period	(6.5)	(0.3)	**(6.8)**
Provisions reversed through the period	-	-	**-**
Balance at 2 September 2017	**53.4**	**13.5**	**66.9**
Non Current	25.0	4.7	**29.7**
Current	28.4	8.8	**37.2**
Balance at 2 September 2017	**53.4**	**13.5**	**66.9**

Store Closures

During the period, the decision was made to close five loss making stores and these were subsequently closed in August 2017. The costs have been treated as an exceptional item and detailed separately on the income statement as per note 5. The provision is made in respect of onerous lease obligations and other related store closure costs. It is expected that the majority of these costs will have been settled by the year end other than the onerous lease provision which will run to the earlier of the break clause or lease expiry for all five stores. The provision is net of an estimate of potential sub- letting income.

Customer redress

The provision relates to the Group's liabilities in respect of costs expected to be incurred in respect of payments for historic financial services customer redress, which represents the best estimate of the known regulatory obligations, taking into account factors including risk and uncertainty.

As at 2 September 2017 the Group holds a provision of £53.4m (H1 FY17, £7.9m) in respect of the anticipated costs of historic financial services customer redress. Of this amount £40m relates to certain insurance products where management have identified flaws in the product design, the remaining £13.4m relates to historical customer redress. These amounts include a provision of £2.1m in relation to 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 half year end, based on historical and forecasted claim rates and amounts, along with known legal and regulatory obligations, appropriately reflect the cost to the Group.

The principal sensitivities in the customer redress calculation are: volumes of policies affected, claim rate, uphold rate and average redress amount.

	26 weeks to 02-Sep-17 £m	**26 weeks to 27-Aug-16 £m**	**53 weeks to 04-Mar-17 £m**
+/- 10% in claims volumes	+/- 0.7	+/- 0.4	+/- 0.7
+/- 5% in uphold rate	+/- 0.5	+/- 0.3	+/- 0.5
+/- 10% in average redress amount	+/- 0.7	+/- 0.4	+/- 0.7

Notes to the unaudited condensed consolidated financial statements

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first 26 weeks 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 26 weeks of the year; and

(b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first 26 weeks 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.

This report was approved by the Board of Directors on 12 October 2017.

Angela Spindler	**Craig Lovelace**
Chief Executive	**Chief Financial Officer**

Independent review report to N Brown Group 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 weeks ended 2 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 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 weeks ended 2 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 note1, 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 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.

Stuart Burdass
for and behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
12 October 2017