13 June 2014

Bonmarché Holdings plc

(“Bonmarché” or the “Company” or the “Group”)

Preliminary Results

Year ended 29th March 2014

Bonmarché, one of the UK’s largest women’s value retailers, reports its preliminary results for the year ended 29 March 2014.

Financial Highlights:

- Revenue up 11.9% at £164.3m (2013: £146.8m)
- LFL sales growth of 10.4%
- EBITDA (before exceptional items) up 50.6% at £13.7m (2013: £9.1m)
- Profit before tax up 66.1% at £8.0m (2013: £4.8m)
- Pre-exceptional PBT up 85.3% at £11.2m (2013: £6.1m)
- Profit before tax margin up 1.6% at 4.9% (2013: 3.3%)
- Pre-exceptional PBT margin up 2.7% at 6.8% (2013: 4.1%)
- Post-exceptional adjusted earnings per share up 52.1% at 11.1p (2013: 7.3p)*
- Recommend final dividend of 2.1 pence per share

Operational Highlights:

- Market share of women’s value sector increased by 14% from 2.8% to 3.2%
- Good progress delivered against strategic objectives:
    - Successful product and price enhancements
    - Increased online penetration with sales up 84%
    - Improved store estate: new refit concepts trialled in select existing stores, two successful relocations and exit from 1 non-strategic store
    - Improved customer service
    - Successful garden centre trials and established roll-out plan for FY15

Beth Butterwick, Chief Executive Officer of Bonmarché, commented:

“I am pleased with the strong financial performance in the period since the IPO. FY14 was the first full year of implementing our new Business Plan and we have made good progress in each of our key strategic areas: product, multi-channel, stores and our service proposition.

“We are confident that the successful execution of our forward growth strategy, combined with our established position as one of the largest pure-play value retailers dedicated to women over 50, will enable us to continue building on our appeal and accessibility to these customers and, in turn, deliver value for our shareholders.”

For further information regarding Bonmarché, please call:

Bonmarché Holdings plc	c/o FTI +44 (0)20 3727 1109
Beth Butterwick, Chief Executive	
Stephen Alldridge, Finance Director	
FTI Consulting – Communications adviser	+44 (0)20 3727 1109
Jonathon Brill, Georgina Goodhew	
Investec Bank plc - Nominated adviser and broker	+44 (0)20 7597 4000
Garry Levin, David Flin, David Anderson, Duncan Williamson	

Notes to Editors:

Bonmarché is one of the UK's largest women's value retailers, focused on selling stylish, affordable, premium quality clothing and accessories in a wide range of sizes for women over 50 years old, via its own store portfolio, website, mail order catalogues and through the Ideal World TV shopping channel. Established in 1982, Bonmarché has more than 30 years of experience in this growing market segment, operating across the UK.

Forward-looking statements

This announcement contains certain forward-looking statements regarding future occurrences and the prospects of the business. These forward-looking statements reflect the Directors' current beliefs or expectations and are based on information available to them at the time of the announcement. Any such forward-looking statements may be subject to various risks and uncertainties and consequently, actual results or developments could materially differ from the forward-looking statements expressed.

*The change in share capital structure in 2013 has a profound effect on the calculation of the weighted average number of shares in issue, which is used to calculate basic earnings per share. In order to allow a more meaningful comparison with previous years, we have only shown on this page post-exceptional adjusted basic earnings per share. The adjustment restates the weighted average number of shares in issue as if the total shares issued post-IPO were in issue throughout the whole year, and for the whole of FY13. Details of basic and post-exceptional adjusted earnings per share can be found in note 5 of the financial information of this statement.

Chairman's Statement

I am delighted to report the Group's strong financial performance, particularly with this being the first year end as a listed company.

Despite the difficult economic conditions, we have been able to drive the business forward at a pace, and the robust results reflect the growth achieved during the financial year. Revenue for the year ended 29 March 2014 increased 11.9% on the prior year to £164.3m and operating profit increased 40% to £8.2m (2013: £5.9m). Post-exceptional adjusted earnings per share is 11.1 pence, which, restating the 12 months to 30 March 2013 on a pro-forma basis, is an increase of 52%.

People

I would like to thank each and every one of our colleagues for their hard work and commitment to Bonmarché's success during the period. The Group's focus on its customers has always been outstanding and our store, warehouse, buying and support colleagues form a fantastic team working together to delight the Bonmarché customer.

It is particularly pleasing that our efforts have been recognised by our customers, who voted Bonmarché no.1 'Clothing Retailer' and no.5 'Best High Street Shop' in the 2013 'Which' Satisfaction Survey, and no.2 in the 'Best Overall Retailer' and 'Best Clothing Retailer' categories of the 2013 Verdict Research awards.

The Board

We welcomed Ishbel Macpherson and John Coleman to the Board in October 2013. They have a wealth of talent and experience, and in the short time since their appointments they have already made valuable contributions. Ishbel has been appointed the Senior Independent Director and chairs the Audit Committee, and John has been appointed Chairman of the Remuneration Committee.

Corporate governance

The Board is committed to operating to high standards of corporate governance, as we believe that doing so will contribute to the delivery of long term shareholder value. The business applies the principles of the Quoted Companies Alliance Corporate Governance Code for small and medium quoted companies and, where practicable, elements of the UK Corporate Governance Code.

Dividend

The Board is pleased to recommend a final dividend of 2.1 pence per share, reflecting the period since the Company's IPO. If approved by the shareholders at the AGM on 31 July 2014, it will be paid on Tuesday 5 August to shareholders on the register on Friday 27 June.

Tim Mason

Non-executive Chairman

Chief Executive's Statement

Whilst FY2013 was a year of recovery for the Group, FY2014 was a year of growth.

With full year revenue up 11.9% at £164.3m, we have been able to drive strong profit growth, whilst also investing in our multi-channel operations and in our teams. The Group achieved profit before tax of £8.0m, up 66.1% from last year, and our pre-exceptional profit before tax was significantly higher than last year, increasing from £6.1m to £11.2m. Overall, we have seen underlying costs (excluding interest) as a proportion of sales reduce, and consequently the underlying profit before tax margin has improved from 4.1% to 6.8%.

Product

The collection has continued to improve significantly this year, as we react to the feedback from customers, stores and the information that the buying and merchandise teams analyse. Our first initiative, to 'build back the sales gaps' in categories such as coats, blouses and skirts was successfully implemented and during the year these departments increased sales by £2.4m. Another key initiative was to 'develop categories where our mix is lower' than the average for the market, such as dresses, tops and accessories. These departments also made excellent progress, increasing their sales by £4.3m and their share of the total product mix by 2.6%.

On pricing, we have continued to develop our clear, 'first price, right price' stance. This initiative was welcomed by our customers, and resulted in sales growth of £6.0m on the prior year, across core departments such as T-shirts, knitwear, trousers and lingerie. At the other end of the price scale, we developed our coat and dress ranges to achieve an increase in exit prices (the highest price for a given product category) of up to 5%.

Our sourcing strategy has continued to evolve and we have focussed on building fewer, more meaningful, strategic, supplier relationships. We concentrated on rationalising our supplier base, reducing our active suppliers from 170 to 119. However, we have not become too dependent on any particular supplier - our top 20 suppliers still account for 67% of all stock purchases, the same as the year before.

Stores

Our like-for-like store sales increased 10.4% year-on-year. Net store numbers fell during FY14, reflecting our exit from one non-strategic store occupied under a short term tenancy at will arrangement. However, we successfully relocated two sites, Coventry and Newcastle, which are trading well and have also established the foundations of the FY15 opening programme, which includes the opening of five new solus sites.

The store sales improvements have been driven by better ranges, and a number of measures to improve the environment including: the introduction of more mannequins, window display overhauls, improvements to our fitting rooms and the introduction of 'tub chairs' to increase dwell time.

Additional colleague service initiatives we have introduced include: a trained bra advisor in every store, a 'VM Academy' to support our stores developing their mannequin dressing and display standards, and the first full year of our mystery shopper 'Customer First' Programme.

Other sales channels

In the last year, we have opened two concessions within garden centres operated by a third party. Regrettably one was forced to close due to a fire. However, we and our host partner have been very encouraged by the initial sales results of this initiative and we have now commenced a significant roll out programme for FY15.

Multi-channel

Our multi-channel sales have grown by 84% during the financial year. The main drivers of this growth are: the full year effect of the benefits of our 2012 website re-platform, growth of our e-mail database and the recruitment of a new online digital marketing agency to increase our ability to attract new customers to our site, and the addition of new, web exclusive product lines.

We have introduced a catalogue, which is established as a powerful marketing tool to help develop the stores' interaction with customers.

Our TV shopping channel represents a small part of the total sales mix, but is a valuable and low-cost way of bringing Bonmarché to the attention of a wider audience.

During the period we have outsourced our customer call centre to a local partner with an established empathy with our customers' age profile. We have also improved our Christmas 2013 delivery promise, both by adding a 'next day' express service and by lowering our delivery charges.

We are updating our EPOS system which will, at maturity, not only improve the customer experience at the till, but provide the technology for the customer to have the ability to purchase any product, at any time, from any store, and have it delivered to home or to store. The project is underway, and will be implemented in stores through late calendar 2014 and 2015.

Customers & Market

Bonmarché operates in the value womenswear sector, with our aim being to serve well the 50+ customer. Verdict[(1)] data tells us that the female population in the UK is increasingly an ageing one, with the 55+ female demographic growing at double the average rate of the total female population. In addition, the value segment of the clothing market has demonstrated resilient growth over the past few years and now represents 28% of the total female clothing sector. In the last twelve months, we have seen our share of the women's value sector increase 14% from 2.8% to 3.2%.

Outlook

We are encouraged by our start to the current financial year and the Board remains positive about the outlook for the coming year. There is still much to deliver against our strategy set out in 2012, and I look forward to working with the Board and colleagues on what will be another exciting year.

Beth Butterwick

Chief Executive

Financial Review

To allow meaningful comparisons to be made against prior year figures, this section of the report refers to the 52 week period ending 30 March 2013 as the last year comparison period. The abbreviations “FY14” and “FY13” are used to refer to the 52 week periods ended 29 March 2014 and 30 March 2013, respectively. The audited financial statements are required by the Companies Act to present as the comparison period the period from 13 January 2012 to 30 March 2013.

As a convenient reference point, in the table below the results for the 15 month period have been split into the 52 week period ending 30 March 2013 and the 79 day period ending 31 March 2012.

Income statement	52 weeks ended 29 March 2014 £’000	52 weeks ended 30 March 2013 £’000	79 days ended 31 March 2012 £’000	Period ended 30 March 2013 £’000
Revenue	164,294	146,817	29,141	175,958
Cost of sales	(124,516)	(116,550)	(30,544)	(147,094)
Gross profit	**39,778**	**30,267**	**(1,403)**	**28,864**
Administrative expenses	(24,648)	(17,513)	(6,725)	(24,238)
Distribution costs	(6,914)	(6,882)	(1,370)	(8,252)
Gain on bargain purchase	-	-	17,008	17,008
Operating profit	**8,216**	**5,872**	**7,510**	**13,382**
Analysed as:				
Operating profit/(loss) before exceptional items	11,466	7,129	(7,101)	28
Exceptional items	(3,250)	(1,257)	14,611	13,354
Finance income	-	1	-	1
Finance costs	(231)	(1,067)	(253)	(1,320)
Profit before taxation	**7,985**	**4,806**	**7,257**	**12,063**
Taxation	(2,419)	(1,177)	(1,333)	(2,510)
Profit for the period	**5,566**	**3,629**	**5,924**	**9,553**

Other information	£'000	£'000	£'000	£'000
Underlying profit/(loss) before tax	11,235	6,063	(7,354)	(1,291)
Property lease costs	16,917	17,186	6,077	23,263
Depreciation	1,829	1,610	231	1,841
Intangibles amortisation	366	333	61	394
Statutory basic earnings per share	23p	2,733p	4,487p	7,220p
Post-exceptional adjusted basic earnings per share (assuming post IPO capital structure applied throughout)	11.1p	7.3p	11.8p	19.1p

Profit before tax and exceptional items

Group profit before tax ("PBT") was £8.0m (52 weeks ended 31 March 2013: £4.8m). Underlying profit (profit before tax and exceptional items) was £11.2m, an increase of 85.3% on last year's figure of £6.1m. The underlying PBT margin increased from 4.1% to 6.8%.

This was achieved by increasing sales, whilst broadly maintaining gross margins, with controlled investment in costs being made in certain areas, particularly in relation to multi-channel.

Revenue

Total revenue grew by 11.9% from £146.8m to £164.3m. Like-for-like ("LFL") sales increased by 10.4%, an overview of which is in included in the Chief Executive's report. Store numbers averaged 263 during FY14, compared to 266 during FY13, and sales decreased by £1.2m due to net changes in space. Multi-channel sales grew by 84.2%.

Sales Analysis	FY14 £'000	FY13 £'000	% increase/ (decrease)
Like-for-like sales	178,177	161,459	10.4%
Net new/closed stores	7,034	8,269	(14.9%)
Online	11,656	6,329	84.2%
Total sales	**196,867**	**176,057**	**11.8%**
Other	200	80	151.6%
VAT	(32,773)	(29,320)	11.8%
Total revenue	**164,294**	**146,817**	**11.9%**

Gross margins & operating expenses

Our strategy to develop our "first price right price" offer, and increase the mix of near-market suppliers, required a repositioning of the margin, and as a result the product gross margin declined by 0.3% compared to FY13. A larger reduction had been planned, but a very strong sales performance through the summer season meant that markdown levels were lower than expected.

Underlying operating expenses[(2)] grew in absolute terms by 6.8%, but reduced from 52.6% of sales in FY13 to 50.2%. The development of the multi-channel operation required an increase in marketing expenditure, and payroll costs increased as we strengthened our team, including the recruitment of Sean Emmett as Multi-channel & Marketing Director, and the addition of Non-executive Directors to our Board.

Exceptional items

£3.3m of FY14 costs have been classified as exceptional (FY13: £1.3m), £3.0m of which related to the November 2013 IPO. Bonmarché absorbed £1.5m of float related costs, the remainder being borne by the selling shareholder, an affiliate of Sun Capital Partners, Inc. ("Sun"). In addition, the Company was party to a consultancy services agreement with Sun, which could not continue following the IPO. An early termination of this agreement was therefore agreed, in consideration of which the Company paid Sun £1.5m. Finally, the £0.3m carrying value of the Ann Harvey brand was written down to £nil, as the Group did not conduct any trade under the brand in the year.

The FY13 exceptional costs related to the restructuring of the store estate which took place during the first six months of the calendar year 2012.

Tax

The pre-exceptional effective tax rate is 21.5%, which is lower than the 23.0% statutory rate, primarily due to a reduction in the deferred tax charge resulting from short term timing differences. The post exceptional tax charge of £2.4m represents 30.3% of post exceptional profit before tax (FY13: 24.5%). This is higher than the statutory rate of 23.0%, as we have treated exceptional costs as not being fully deductible for tax.

Earnings per share and dividends

The statutory basic earnings per share for the year are 23 pence.

In order to compare earnings per share year-on-year and to aid future comparisons, the weighted average number of shares in issue has been restated on a pro-forma basis to reflect the post IPO share capital structure, which has significantly more shares than the pre IPO structure. The adjustment assumes the total shares issued post-IPO were in issue throughout the whole year, and the whole of FY13.

On this basis, post-exceptional adjusted basic earnings per share for FY14 were 11.1 pence per share and for FY13 were 7.3 pence per share, an increase of 52%.

The Board is recommending payment of the Group's first dividend as a listed entity. This will be a final dividend in respect of FY14, calculated on a pro-rata basis to reflect the proportion of the year during which the Group has been listed on the AIM market. The dividend to be proposed at the AGM on 31 July 2014 is 2.1 pence per share. If approved, the dividend with be paid on Tuesday 5 August 2014 to shareholders on the register on Friday 27 June 2014.

Cash flow

Net cash generated from operating activities was £9.5m, after accounting for the £3.0m of IPO related costs. This allowed the remaining loans to be fully repaid during the year, as well as funding the year's capex projects.

Cash position

The Group ended the year with net cash of £7.8m, which was flattered by the timing of certain year-end working capital movements. The Group has at its disposal a £10.0m revolving credit facility provided by Barclays Bank, should seasonal working capital fluctuations create the need to use it, although this was not necessary at any point during the year. The Barclays facility matures during May 2016.

Stock

Stock at the year-end was £22.1m, 9.7% above the £20.2m balance at the end of FY13.

Terminal stock levels (i.e. residual stocks from the 2013/14 Autumn/Winter season) were low, providing a good position from which to begin the new financial year.

Capital expenditure

Investment in property, plant and equipment and intangible assets totalled £4.8m during FY14 (FY13: £2.7m). The major areas of expenditure were on projects to replace the EPOS system, store improvements & relocations, and the first part of a two stage project to replace the trucks used to deliver stock to stores. The EPOS replacement project runs over two years, and the remaining expenditure in connection with this project will be defrayed during FY15.

Stephen Alldridge

Finance Director

13 June 2014

Notes

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(2) Underlying operating expenses are defined as cost of sales less cost of stock recognised and included in cost of sales, plus administrative expenses and distribution costs, less exceptional items.

Consolidated income statement

	Note	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Revenue		164,294	175,958
Cost of sales		(124,516)	(147,094)
Gross profit		**39,778**	**28,864**
Administrative expenses		(24,648)	(24,238)
Distribution costs		(6,914)	(8,252)
Gain on bargain purchase		-	17,008
Operating profit	3	**8,216**	**13,382**
Analysed as: Operating profit before exceptional items		11,466	28
Exceptional items	2	(3,250)	13,354
Finance income		-	1
Finance costs		(231)	(1,320)
Profit before taxation		**7,985**	**12,063**
Taxation	4	(2,419)	(2,510)
Profit for the period		**5,566**	**9,553**
Earnings per share (pence)	5		
Basic		23	7,220
Diluted		22	7,074

Consolidated statement of comprehensive income

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Profit for the period	**5,566**	**9,553**
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
- fair value movements in other comprehensive income	(4,629)	1,955
- transfer from cash flow hedge reserve to profit or loss	224	(359)
Tax on cash flow hedges	1,029	(383)
Other comprehensive (loss)/income for the period	(3,376)	1,213
Total comprehensive income for the period	**2,190**	**10,766**

Consolidated balance sheet

	Note	As at 29 March 2014 £'000	As at 30 March 2013 £'000
Non-current assets			
Property, plant and equipment		9,086	7,173
Intangible assets		3,259	2,834
Deferred tax asset		918	28
Total non-current assets		**13,263**	**10,035**
Current assets			
Inventories		22,131	20,183
Trade and other receivables		13,605	13,452
Cash and cash equivalents	8	8,222	8,446
Derivative financial instruments		-	1,596
Total current assets		**43,958**	**43,677**
Total assets		**57,221**	**53,712**
Current liabilities			
Trade and other payables		(34,867)	(30,017)
Borrowings	8	(75)	(6,023)
Current taxation payable		(1,431)	(2,680)
Derivative financial instruments		(2,809)	-
Total current liabilities		**(39,182)**	**(38,720)**
Non-current liabilities			
Other payables		(3,175)	(2,815)
Borrowings	8	(322)	-
Deferred tax liabilities		(524)	(999)
Total non-current liabilities		**(4,021)**	**(3,814)**
Total liabilities		**(43,203)**	**(42,534)**
Net assets		**14,018**	**11,178**

Consolidated balance sheet (continued)

Equity	As at 29 March 2014 £'000	As at 30 March 2013 £'000
Share capital	500	132
Share premium	1,496	-
EBT reserve	(1,187)	-
Cash flow hedge reserve	(2,163)	1,213
Retained earnings	15,372	9,833
Total equity	**14,018**	**11,178**

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	EBT reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at incorporation	-	-	-	-	-	-
Profit for the period	-	-	-	-	9,553	9,553
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	1,955	-	1,955
- transfer from cash flow hedge reserve to profit or loss	-	-	-	(359)	-	(359)
Tax on cash flow hedges	-	-	-	(383)	-	(383)
Total comprehensive income for the period	**-**	**-**	**-**	**1,213**	**9,553**	**10,766**
Share-based payment charge	-	-	-	-	280	280
Issue of share capital	132	-	-	-	-	132
Balance at 30 March 2013	**132**	**-**	**-**	**1,213**	**9,833**	**11,178**
Profit for the period	**-**	**-**	**-**	**-**	**5,566**	**5,566**
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	(4,629)	-	(4,629)
- transfer from cash flow hedge reserve to profit or loss	-	-	-	224	-	224
Tax on cash flow hedges	-	-	-	1,029	-	1,029
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**(3,376)**	**5,566**	**2,190**
Share-based payment charge	-	-	-	-	390	390
Payment for shares	-	230	-	-	-	230
Share premium cancellation	-	(230)	-	-	230	-
Bonus issue of shares	362	-	-	-	(362)	-
Share capital issued to EBT	6	1,496	(1,187)	-	-	315
Equity dividends paid	-	-	-	-	(285)	(285)
Balance at 29 March 2014	**500**	**1,496**	**(1,187)**	**(2,163)**	**15,372**	**14,018**

Consolidated statement of cash flows

	Note	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Cash flows from operating activities			
Cash generated from operations	7	14,378	16,933
Interest paid		(891)	(660)
Tax paid		(4,005)	-
Net cash generated from operating activities		**9,482**	**16,273**
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,623)	(1,213)
Purchases of intangible assets		(1,041)	(210)
Acquisition consideration		-	(11,899)
Interest received		-	1
Net cash used in investing activities		**(4,664)**	**(13,321)**
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		230	132
Dividends paid		(285)	-
Proceeds from loan from a parent company		-	9,890
Repayments of loan from a parent company		(5,385)	(4,505)
Repayments of borrowings		-	(5,000)
Receipt of borrowings		-	5,000
Payment of borrowing arrangement fees		-	(23)
Proceeds from finance lease arrangements		438	-
Capital element of finance lease rental payments		(40)	-
Net cash (used in)/generated from financing activities		**(5,042)**	**5,494**
Net (decrease)/increase in cash and cash equivalents		**(224)**	**8,446**
Cash and cash equivalents at beginning of the period		8,446	-
Cash and cash equivalents at the end of the period		**8,222**	**8,446**

Reconciliation of net cash flow to movement in net cash

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Opening net cash	**2,423**	**-**
Net cash (outflow)/inflow from activities	(224)	8,446
Decrease/(increase) in debt financing	5,626	(6,023)
Movement in net debt	5,402	2,423
Closing net cash	**7,825**	**2,423**

Notes to the financial statements

1 Basis of preparation

The financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related notes, does not constitute full accounts within the meaning of s435 (1) and (2) of the Companies Act 2006. The financial information is derived from, and consistent with, the Group's financial statements for the 52 weeks ended 29 March 2014 ('Annual Report 2014') and has been agreed with the auditors for release. The Annual Report 2014 includes an unqualified audit report and does not contain any statement under s498 of the Companies Act 2006. The Annual Report 2014 will be filed with the Registrar of Companies in due course and will be available to shareholders from 1 July 2014.

The Group financial statements have been prepared on the going concern basis and in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') interpretations, as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared under the historical cost convention, as modified for the revaluation of financial assets and financial liabilities at fair value through profit and loss. The Group financial statements are presented in thousands of pounds sterling ('£'000') except when otherwise indicated. Accounting policies have been consistently applied to all financial periods presented. The accounting period of the Group ends on the Saturday falling nearest to 31 March each year. The accounting periods in the financial statements are the period from 13 January 2012 (the date of incorporation of the group) to 30 March 2013 and the 52 weeks to 29 March 2014.

The preparation of the Group financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results may differ from those estimates.

2 Exceptional items

Items that are material either because of their size or nature, or that are non-recurring, are considered as exceptional items and are presented within the line items to which they best relate. For all periods presented, the exceptional items as detailed below have been included in cost of sales, administrative expenses and gain on bargain purchase in the income statement.

Exceptional items comprise:

	Footnote	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Gain on bargain purchase	a	-	17,008
Acquisition and restructure costs	b	-	(2,655)
Redundancy costs	c	-	(999)
Management fees	d	(1,500)	-
Ann Harvey brand	e	(250)	-
IPO deal fees	f	(1,500)	-
		(3,250)	**13,354**

Footnotes

a. Bluebird UK Topco Limited acquired the business and assets of Bonmarche, which was formerly a division of The Peacock Group plc on 20 January 2012. The net assets at acquisition were in excess of the total consideration. IFRS requires the gain on bargain purchase to be immediately recognised in the income statement.

b. Acquisition and restructure costs incurred on the acquisition of Bonmarche and the subsequent restructure of the store estate. Costs included legal and professional fees paid in relation to formalising lease agreements with landlords.

c. Subsequent to the acquisition of Bonmarche, the Group carried out an evaluation of the store estate which resulted in 120 store closures and related redundancy costs.

d. Management fees paid to Sun Capital Partners Management V, LLC, an affiliate of the parent undertaking, in relation to the early termination of a management fee arrangement due to the admission of the Group onto AIM.

e. On 30 April 2013, the Group purchased the intellectual property assets including the brand, trademark and associated registrations of 'Ann Harvey'. The Group is not currently trading under any brand acquired and, accordingly, no value has been attributed to the intangible asset acquired and the carrying value has therefore been fully impaired.

f. Legal and professional fees paid in relation to the IPO on 20 November 2013.

3 Operating profit

Operating profit is stated after charging:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Cost of inventories recognised as an expense	70,274	75,583
Share-based payment charge	390	280
Depreciation of property, plant and equipment		
- owned	1,761	1,841
- held under finance lease	68	-
Amortisation of intangible assets	366	394
Provision for impairment of intangible assets	250	-
Operating lease payments		
- plant and machinery	480	539
- land and buildings	16,917	23,263
Rent free amortisation	(1,282)	(1,154)
Loss on disposal of property, plant and equipment	65	-
Foreign exchange (gains)/losses	(339)	114

4 Taxation

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Current tax:		
Current tax on profits for the period	2,755	2,680
Total current tax	**2,755**	**2,680**
Deferred tax:		
Origination and reversal of temporary differences	(312)	(113)
Changes in tax rate	(24)	(57)
Total deferred tax	**(336)**	**(170)**
Tax expense reported in the consolidated income statement	**2,419**	**2,510**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Profit before tax	**7,985**	**12,063**
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 23%/25%*	1,837	3,040
Tax effects of:		
Effect of other timing differences	(142)	(33)
Non-taxable income	-	(561)
Expenses not deductible for tax purposes	748	121
Effects of changes in tax rate	(24)	(57)
Tax charge	**2,419**	**2,510**

*The blended tax rate for the period ended 30 March 2013 was 25%, being the UK Corporation tax rate used for the 79 days to 31 March 2012 at 26% and for the 52 weeks ended 30 March 2013 at 24%.

Factors that may affect future tax charges:

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

5 Earnings per share

	52 weeks ended 29 March 2014	Period ended 30 March 2013
Profit attributable to ordinary shareholders (£'000s)	5,566	9,553
Basic earnings per share (pence)	23	7,220
Diluted earnings per share (pence)	22	7,074
Post-exceptional adjusted basic earnings per share (assuming post IPO capital structure applied throughout)	11.1	19.1

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares, being management shares not yet vested.

The weighted average number of shares is as follows:

	52 weeks ended 29 March 2014 Number	Period ended 30 March 2013 Number
Number of ordinary shares in issue	23,832,343	132,314
Potentially dilutive shares	1,508,524	2,735
Number of diluted ordinary shares	25,340,867	135,049
Number of shares for post-exceptional adjusted earnings per share	50,018,150	50,018,150

6 Dividends

The directors have proposed a final dividend in respect of the 52 weeks ended 29 March 2014 of 2.1 pence per share. It will be paid on Tuesday 5 August to shareholders on the register of members as at the close of business on Friday 27 June, subject to approval of shareholders at the Annual General Meeting, to be held on 31 July 2014. In line with the requirements of IAS 10 – 'Events after the reporting period', this dividend has not been recognised within these results.

7 Cash generated from operations

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Profit before tax	7,985	12,063
Adjustments for:		
- Depreciation	1,829	1,841
- Loss on disposal of property, plant and equipment	65	-
- Amortisation of intangible assets	366	394
- Provision for impairment of intangible assets	250	-
- Amortisation of deferred arrangement fees	23	-
- Gain on bargain purchase	-	(17,008)
- Share-based payment charge	390	280
- Finance costs – net	231	1,319
- Increase in inventories	(1,948)	(3,735)
- Trade and other receivables – decrease/(increase)	171	(5,115)
- Increase in trade and other payables	5,016	26,894
Cash generated from operations	**14,378**	**16,933**

8 Analysis of net cash

	29 March 2014 £'000	30 March 2013 £'000
Cash & cash equivalents	8,222	8,446
Parent Company loans	-	(6,023)
Finance lease liabilities	(397)	-
Net cash	**7,825**	**2,423**