12 June 2015

Bonmarché Holdings plc

(‘Bonmarché’ or the ‘Company’ or the ‘Group’)

Preliminary Results

Year ended 28th March 2015

Bonmarché, one of the UK’s largest women’s value retailers, reports its preliminary results for the year ended 28 March 2015.

Financial Highlights:

- Revenue up 8.7% at £178.6m (2014: £164.3m)
- LFL sales growth of 4.0%, 6.0% including online
- EBITDA (before exceptional items) up 13.6% at £15.5m (2014: £13.7m)
- PBT up 55.3% at £12.4m (2014: £8.0m)
- Pre-exceptional PBT up 10.4% at £12.4m (2014: £11.2m)
- PBT margin up 2.0% at 6.9% (2014: 4.9%)
- Pre-exceptional PBT margin up 0.1% at 6.9% (2014: 6.8%)
- Pre-exceptional basic adjusted EPS up 11.3% at 20.7p (2014: 18.6p)*
- Recommend final dividend of 4.5 pence per share, taking the full year dividend to 6.8 pence per share

Operational Highlights:

- Continued increase in market share:
  - Share of UK women’s value clothing market increased by 12.8% to 4.4% (Kantar)
- Progress made in achieving strategic objectives:
  - Successful enhancements to product ranges and prices
  - Improvements in multichannel delivered 36% growth in online sales and 32% increase in call centre sales
  - Opening of net 29 new stores/concessions in target locations and progress made in roll out of store modernisation programme
  - Increased the number of most loyal core customers
  - Launched refreshed Bonmarché brand to align with evolving customer base

Beth Butterwick, Chief Executive of Bonmarché, commented:

“I am satisfied with the current year’s performance, in a year of contrasts between a strong performance in the first half, supported by good weather, versus a more challenging second half of the year.

Against this backdrop, we have continued to deliver improvements across the business and have achieved solid profit growth. The Group’s financial position is sound, and we enter the new financial year with a strong balance sheet and confidence in our ongoing growth strategy.”

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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 weighted average number of shares in issue for the prior year has been restated on a pro-forma basis to reflect the post-IPO share capital structure. The adjustment assumes the total shares issued post-IPO were in issue throughout the whole of FY14.

CHAIRMAN'S STATEMENT

"A year of solid growth"

In my first annual statement as Chairman, I am pleased to report on a successful year with solid growth and good progress made against our strategic objectives.

PERFORMANCE FOR THE YEAR

It was a positive year for Bonmarché. There was good progress underlying the increased Group revenue and profit before tax, in a year which, overall, was challenging.

Implementation of the strategy progressed well, with improvements and developments in each of the four key areas of: product; online/multi-channel; new space, and store environment/service improvements.

The Bonmarché brand remains at the heart of the business, and I am encouraged by the work that has been started to make more of this; I believe there are many potential customers who will be delighted when they discover Bonmarché for the first time. I am excited by the possibilities of the fledgling menswear range, and the Ann Harvey sub-brand, both of which were launched as trials. Meanwhile, the David Emanuel sub-brand continues to play an important part.

The financial position of the business remains very sound, with a debt-free balance sheet which provides a stable platform for the future.

It is pleasing that once again our efforts have been recognised by others. Bonmarché won 'IPO of the Year' at the 2014 Small Cap Awards, and the Drapers Record award for 'Best Fashion Retailer of the Year over £125m', a respected award in the fashion retail industry. Finally, in the 2015 'Which' annual retailer survey, we were voted second (to John Lewis) by consumers, in the 'Clothing and Shoes' category.

I would like to take this opportunity to recognise each and every one of our 3,317 colleagues here. Our store, warehouse, and head office support colleagues form a fantastic team working together to delight our customers.

THE BOARD

Throughout the year, the Board comprised Tim Mason as Chairman, Ishbel Macpherson as Senior independent Non-executive Director, me as independent Non-executive Director, Beth Butterwick as Chief Executive and Stephen Alldridge as Finance Director.

Tim was a partner of Sun European Partners, LLP ('Sun'), whose affiliate is the Company's majority shareholder, and was its appointee on the Board. Tim stepped down as a partner of Sun and therefore also as Chairman of the Company, and left the Board on 29 April 2015. I would like to take this opportunity to extend warm thanks to Tim, who, as Chairman since 2013, made an invaluable contribution to the business during a period of great change, before and during the IPO process, and as a public company.

In Tim's place, I was appointed as independent Non-executive Chairman and Michael Kalb, who is a senior managing director at Sun and has been working with the Company since its initial acquisition by Sun, joined the Board as Sun's appointee, as a non-independent Non-executive Director. I would like to welcome Michael to the Board and we look forward to his contribution over the coming years.

As a consequence of the other Board changes, Ishbel has assumed Chairmanship of the Remuneration Committee, in addition to her existing roles as Senior Independent Non-executive Director and Chairman of the Audit Committee.

CORPORATE GOVERNANCE

For the purposes of the UK Code, we consider Bonmarché to be a 'smaller' company, and the composition of the Board, Audit and Remuneration Committees was therefore compliant, during the year, with the relevant UK Code provisions. We will keep the composition of the Board under review, and make changes if we feel they are required. I will continue to serve on the Audit and Remuneration Committees until such time as we appoint a new independent Non-executive Director. The Board feels there is no immediate need to make such an appointment, but has undertaken to keep this under review.

I am fully committed to maintaining high standards of corporate governance and to being transparent about our arrangements and intentions for future improvement. I am pleased with the progress we have made during the year and will ensure that governance remains at the forefront of our minds as we move forward.

DIVIDEND

The Board is pleased to recommend a final dividend of 4.5 pence per share. If approved by shareholders at the AGM on 30 July 2015, it will be paid on 4 August 2015 to shareholders on the register on 26 June 2015.

OUTLOOK

I believe that the outlook for the business in the coming year is positive. We have multiple growth opportunities to build upon and our core quality and value proposition will continue to be popular as the market gradually recovers. I look forward to working with the Board and our colleagues on what I expect will be another exciting year.

John Coleman

Non-executive Chairman

12 June 2015

CHIEF EXECUTIVE'S REPORT

"We have delivered solid profit growth in a year of contrasts. We remain focused on implementing our strategy, and improving how we serve our customers.''

INTRODUCTION

I am satisfied with the current year's performance, in a year of contrasts. A strong performance in the first half was supported by good summer weather; however, the mild autumn created more difficult trading conditions in the second half of the year.

Against this backdrop, we have achieved solid profit growth. During the second half of the year in particular, the loyalty of our core customers and our ability to maintain a tight control on costs have been key strengths. The Group's financial position is sound, and we enter the new financial year with a strong balance sheet.

We remain focused on implementing our strategy, which is set out below.

TRADING REVIEW

Sales (in this report we refer to revenue as 'sales') for the year increased by 8.7%, with store only like-for-like ('LFL') sales increasing by 4.0%, 6.0% including online. This increased our market share by 12.8%, to 4.4% of the UK women's value clothing market (as measured by Kantar).

During the first half of the year, sales increased by 11.8% and store LFL sales by 7.8%. Multi-channel made good progress, growing 50.6% compared to H1 the previous year. The warmer than average weather created particularly strong demand for big seasonal categories such as jersey tops, cropped trousers, shorts and swimwear.

In the second half of the year, sales increased by 5.7%, store LFL sales by 0.2% and multi-channel grew by 25.6%. The difficulties of the autumn season have been widely reported elsewhere, and Bonmarché was not immune to the effects of the mild conditions. Our customers had less reason than normal to invest in heavier clothing such as knitwear and coats, when the product mix in stores had shifted towards these items. In addition, we have identified that, for the coming autumn season, improvements can be made to elements of our outerwear and knitwear ranges, and we have incorporated the lessons learned. We will also reduce the reliance on coats and knitwear during the early autumn months.

The mild autumn also resulted in increasing levels of discounting activity on the high street, progressively intensifying and culminating in widespread price reductions on 'Black Friday', which continued unabated in the approach to Christmas. This took the edge off December's full price sales with many 'sales' (including ours) beginning before Christmas, and accordingly, the impact of the January sale was reduced, leading to a difficult fourth quarter.

Given these challenges, we are pleased with the overall result, and in particular, our ability to achieve an end of season stock holding which was almost as low as it was in March 2014, despite the increase in store numbers.

FINANCIAL RESULTS

Profit before tax ('PBT') was £12.4m, an increase of 55.3% on the £8.0m reported for FY14. The underlying PBT increase was 10.4% on the £11.2m pre-exceptional figure reported for FY14.

Sales grew in the core LFL retail estate, from opening new retail outlets, and online. There was a slight growth in the product gross margin, and an increase in operating expenses as we invested in overhead costs to support the business's growth. This is explained in more detail in the Financial Review section below.

STRATEGIC REVIEW

PRODUCT

A core principle of our product strategy is 'offering our customer what she wants'. We describe below the ways in which we have striven to do this during the year under review.

Build back the gaps in the ranges

We have continued to grow sales in the categories of t-shirts, tops, trousers, lingerie and nightwear, where our offer had previously been incomplete.

Develop categories where our sales mix is lower than the norm

We have increased the mix of sales as a percentage of the total, in categories where our ranges had been under represented compared to the norm in women's fashion retail. The main categories where we increased sales as a result of this initiative were dresses, swimwear, footwear and accessories. The new styles introduced have resonated well with our customers.

Making the ranges more fashionable

Customers have consistently told us (for example, through our quarterly 'mystery shopper' programme) that they want more fashionable products. We have therefore ensured that we have continued to increase the percentage mix of our contemporary fashion offer – but without alienating customers who are slower to make the move away from more traditional items.

Many of these more fashionable designs have been introduced via the David Emanuel label, which tends to feature clothing focused towards special occasions. This sub-brand continued to account for c. 12% of sales during the year under review.

Hero lines

These are everyday staples that customers expect us to stock at all times and with complete availability of sizes. Sales of these core lines grew by 15% and increased their mix of total sales to 15%.

Ann Harvey

Last summer, we launched our Ann Harvey collection in 23 stores and online, initially as a trial. The trial results have helped us refine the collection for autumn/winter 2015, which will be primarily aimed at offering existing and new ‘plus-size’ customers a more contemporary range than the Bonmarche main range (which whilst catering for a broad range of sizes, is not a dedicated ‘plus-size’ range), at slightly higher price points (broadly in line with prices for the David Emanuel range). We will offer this range in sizes 16 to 32.

Menswear

As a result of feedback from our customers, and the output from male focus groups, during the late autumn 2014 season we began to test a limited range of menswear in 50 stores. The trial is still at an early stage but we are optimistic that this is an opportunity which merits further exploration. The early trials have begun to indicate which products work best in the autumn season, although it is too early to draw any equivalent conclusions about the summer season. We will therefore continue to learn and adapt our offer.

Pricing

We have continued to focus on maintaining a price architecture which supports our ‘first price, right price’ entry price policy, whilst seeking to stretch exit prices where the opportunity exists.

On the key lines where we regularly benchmark entry prices against competitors, our price points have remained level, although slight changes in the product mix have had the effect of increasing the average entry price by 1.1% in the current spring/summer season, compared to the previous year’s equivalent.

Through the development of occasionwear ranges (particularly dresses and tailoring), we have raised the average exit price point by 8.7%. Overall, average prices have increased by 1.8%.

Supply chain

We continue to focus on key partnerships in our supply base. We have further rationalised these to 90 ‘active’ suppliers, which we now believe to be the optimum number for the business as it is configured. Consolidating our supply base has made it possible to manage individual relationships in a more productive way, as well as improving our buying power.

Our top 20 suppliers now account for 71% of our production, up from 67% last year. Additionally, 88% of the factories we use have been audited for compliance with appropriate operating, ethical and safety standards; this is from a starting position of 27% in 2013.

Future developments

Looking to the new financial year, our product initiatives will focus on the following areas:

- continue to build sales in core categories where we see more potential, particularly trousers, blouses, skirts and nightwear;
- continue to develop categories where we identify the potential to increase the sales mix - particularly dresses, footwear and accessories;
- work on the coats and knitwear ranges, to increase their relevance at times when there is a particular risk that we cannot rely on the arrival of 'seasonal' weather (for example, at the beginning of autumn);
- offer a higher price tier David Emanuel collection in order to offer our customers a more premium occasionwear choice;
- re-launch Ann Harvey this autumn;
- develop our menswear offer to further understand the size of the opportunity; and
- develop capsule gifting and beauty ranges.

ONLINE AND NON-STORE CHANNELS

Our strategic focus in relation to online and non-store channels has been aimed at improving customers' overall shopping experience. Non-store sales were £13.3m, up from £9.7m in FY14, a growth of 36.9%, following an 84.2% growth the year prior. The main non-store channel is the website, sales from which represented 7.4% of the total sales mix.

A key priority was to improve the 'look and feel' and usability of our website. We have made a number of improvements to the site, including the introduction of a simplified landing page, clearer main banner messaging, a more logical hierarchy of tab messages down the page, fewer category descriptions, and simpler search and checkout tabs. Email campaigns have been improved, to be more relevant and to include a broader range of content, for example in relation to promotions, occasion dressing or style tips.

One of the most striking changes that we have observed in customer behaviour has been the increase in use of tablet devices, particularly for research, and to a lesser extent, smartphones. Traffic reaching the website via tablets now accounts for 38% of all traffic and represents 32% of our online sales mix, a 75% increase on last year. Sales transacted using desktop or laptop computers have declined by 20%, and, whilst relatively small, sales transacted via mobile devices have increased to 6% of total online sales.

We had noted this trend during FY14, and began working with our website provider, Venda, to develop a 'responsive' website – the industry term for a site which responds to the type of device used by the customer to access the site, and alters the appearance and function of the site to most appropriately suit the device. For example, on a tablet, the interaction would be geared towards a touchscreen, whereas on a laptop, the interaction would be geared towards the use of a keyboard and mouse. The development of the website has taken longer than originally planned and the responsive website is now expected to be launched in July 2015.

The catalogues, which we produce quarterly, are now well established as a popular complement to the stores and website. Although the primary use of the catalogue is to showcase new collections prior to a purchase made in store or online, some customers welcome the facility to order directly from the catalogue via our call centre. Sales made through the call centre increased by 32% compared to the previous year.

Future developments

The following summary outlines our priorities for the coming year:

- introduce the fully responsive site in July 2015;
- improve search and navigation functionality and increase the relevance of merchandise recommendations. We will work with a new partner called 'Attraqt' which has a strong track record in improving the 'shop window' and 'store layout' for customers of Venda, and work will begin in earnest on this as soon as the responsive website is operational; and
- a new, improved fulfilment service, allowing customers to track and trace parcels, and giving greater delivery options.

STORES

Space

Our LFL stores, which represent 86.9% of our sales, delivered 4.0% year-on-year growth. We opened 29 new stores which contributed £8.3m of additional sales. At the end of the financial year, our store portfolio comprised 292 stores, analysed as follows:

	Number at 29 March 2014	Net opened during year	Number at 28 March 2015
Solus Bonmarché stores	259	6*	265
Solus Bonmarché stores relocated	n/a	3/(3)**	n/a
Garden centre concessions	1	16	17
Other concessions	3	7	10
Total	263	29	292

** 7 solus stores opened in the year, and 1 existing store closed.*

*** 3 solus stores relocated in the year, i.e. 3 opened and there were 3 corresponding closures.*

We are pleased with the performance of the new solus stores in particular, which supports our strategy of selecting only sites that meet strict criteria, and rejecting the many opportunities which do not. We will continue to pursue a policy which emphasises quality over quantity.

At the beginning of the financial year, the garden centres and concessions represented an exciting opportunity, but an unknown quantity in terms of store location dynamics. Our approach was therefore to open in a range of different location types, to learn as quickly as possible the characteristics that most strongly indicate the potential for a profitable unit. As a result, we believe we have identified the criteria to look for when selecting new sites and this insight will be applied to openings in FY16. These criteria principally relate to the size of the Bonmarché store within the host store, the size and footfall of the host store, and the presence of a busy restaurant on the site.

Store environment

During the year, we made a number of investments in our stores. Some of these were part of the continuing process of making the stores a more attractive place to shop, and some were less visible infrastructure investments to underpin future growth.

New fascias were installed in 18 stores, and this programme will grow next year, as we plan to replace older store fronts to bring them up to date with the latest branding, and to achieve greater consistency across the stores.

The cash desk units were replaced in 209 stores to prepare them for the installation of new tills, and we made significant upgrades to the store communications infrastructure, including installation of broadband, Wi-Fi and local networks in each store, also part of the preparatory work for the EPOS till replacement project.

People and service

We have continued to train and develop our store colleagues. We measure our progress using an in-store 'mystery shopper' programme facilitated by a third party. By the end of the year, the key 'Net Promoter Score' indicator stood at 47.5% (March 2014: 47.0%).

The mystery shopper programme has been a useful tool to help us improve our overall customer service, identify where stores are offering outstanding service, and reward it. We want to improve our understanding of the link between customer service and customer satisfaction, and the mystery shopper programme will therefore evolve during FY16 into a programme of ongoing customer satisfaction surveys, which will help us to develop this understanding. We will also launch a sister programme to measure customer satisfaction with our online store.

As a logical extension to our customer service initiatives (such as the established bra fitting service introduced in FY14), we began a trial last year of a personal shopping service. Initial feedback from customers has been positive, and we plan to roll this out during FY16.

Future developments

For FY16, the main areas of focus will be:

- to continue with our plan selectively to open new space – the target is the same as the target for FY15, which is to open five Bonmarche solus stores and 15-20 concession locations;
- test other store concession models;
- to step up the programme to replace the store fascias;
- roll out the personal shopping service to all stores; and
- replace our in-store mystery shopper programme with an online customer satisfaction survey.

BRAND AND CUSTOMER ENGAGEMENT

As I have noted, our customers are embracing the move towards a more contemporary Bonmarché. To complement the modernisation of the clothes we sell, our branding also needs to reflect this, and we have been busy developing a more modern evolution of the Bonmarché theme. To ensure that we achieve consistency wherever the brand appears, we have produced a brand bible, which will guide our internal colleagues and external partners in the development of creative content and customer messaging across all our channels.

Our Bonus Club loyalty scheme has continued to evolve, with the introduction this year of trials to test the reaction to a broader range of event driven mailings to customers, for example a welcome mailing to acknowledge the membership of a new customer, and a birthday mailing. These are well established tools used by direct marketers, intended to nurture customer loyalty over the long term. The number of our most loyal customers has increased by 4.3%, and, as we welcome new customers through the broadening of the brand's appeal, and the opening of new space, we will work hard to keep building the size of the most loyal core.

Bonmarché has not historically used conventional paid advertising to promote the brand, although this is something we will look into in the future. We operate two programmes, the primary purpose of which is to expose the brand to a wider audience and increase awareness of it – a Bonmarché magazine (BON) and TV shopping.

The magazine has been established for several years - 410,000 copies are distributed four times per year - and during FY15 we have significantly modernised it to match the other brand developments.

Our partnership with the Ideal World TV shopping channel has continued to work well, and the focus during FY15 was to increase the number of weekly shows, increased to two-hour slots during peak selling times. This has proved successful and this activity continues to generate a small profit, as well as fulfilling its main purpose which is to create an awareness of Bonmarché amongst a wider group of potential customers.

Future developments

Looking to the new financial year, our brand and customer initiatives focus on the following areas:

- further develop our understanding of our customers through the implementation of an extensive consumer lifestyle survey;
- complete our brand modernisation programme across all channels and to achieve greater consistency of our brand message across channels, development of a multi-channel digital strategy;
- to keep our Bonus Club programme fresh, introduce new and improved membership benefits and develop a new-look card; and
- test Ann Harvey and menswear on appropriate TV shopping slots, to widen awareness in relation to these ranges.

OUR COLLEAGUES

Each year, we ask all colleagues to take part in an independently run survey to give them an opportunity to tell us about working at Bonmarché. The results of this year's survey demonstrated notable improvements in relation to how colleagues rated our internal customer service, the clarity of our strategic direction and our work to support individuals in their own development.

Our focus on training this year has included investment in a Visual Merchandising Academy for retail colleagues, a Buying and Merchandising Academy for our product teams and Inspirational Journey coaching and mentoring for 30 colleagues.

OPERATIONS

We began the project to replace our store systems (including EPOS) with an up-to-date solution which provides customers with a more coherent experience regardless of the shopping channel used. Good progress has been made installing the infrastructure necessary to enable the system to operate, but progress on the implementation of the system itself has been slower than we would have liked. Accordingly, we are currently reviewing our options, including the choice of supplier, to ensure that we progress with the most appropriate solution.

Under the *'hero lines'* heading above, I mentioned the growth we have seen – some of which is a result of improving the availability of stock. Although hero lines are a particular focus, we have identified the opportunity to improve stock availability across the entire product range, and during the year we introduced a trial to test whether shortening the lead time between picking an item in our warehouse, and delivering it to stores, would help achieve this. The results were encouraging, and in the new financial year we will make investments in our delivery operation to shorten the time taken to deliver to stores.

OUTLOOK

The overall outlook for consumer spending, and therefore underlying growth in the clothing market, remains uncertain given the macroeconomic challenges which are still to be overcome. Taking a narrower view of the conditions likely to be relevant to our customers, the pension reforms and the rise in real incomes may have some positive impact, and the structural changes to the population should be positive for Bonmarché. Nevertheless, we remain neutral in our assessment of the likely effect of external factors on our business.

The core principles of our strategy are sound and unchanged, although the detail evolves as the business develops. Through the careful implementation of this strategy, we are confident that Bonmarché will continue to broaden its appeal to a wider group of the consumers within its target market, and thereby continue to grow.

Beth Butterwick

Chief Executive

12 June 2015

FINANCIAL REVIEW

The abbreviations 'FY15' and 'FY14' are used to refer to the 52 week periods ended 28 March 2015 and 29 March 2014, respectively.

Income Statement	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 £'000	Increase/ (decrease) £'000	% increase/ (decrease)
Revenue	**178,575**	164,294	14,281	8.7%
Cost of sales	**(135,378)**	(124,516)	(10,862)	(8.7%)
Gross profit	**43,197**	39,778	3,419	8.6%
Administrative expenses	**(22,855)**	(24,648)	1,793	7.3%
Distribution costs	**(7,728)**	(6,914)	(814)	(11.8%)
Operating profit	**12,614**	8,216	4,398	53.5%
Analysed as:				
Operating profit before exceptional items	**12,614**	11,466	1,148	10.0%
Exceptional items	**-**	(3,250)	3,250	100.0%
Finance income	**18**	-	18	100.0%
Finance costs	**(232)**	(231)	(1)	(0.4%)
Profit before taxation	**12,400**	7,985	4,415	55.3%
Taxation	**(2,504)**	(2,419)	(85)	(3.5%)
Profit for the period	**9,896**	5,566	4,330	77.8%

Memo information: Underlying EBITDA and PBT	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 '£000	Increase/ (decrease) £'000	% increase/ (decrease)
Profit before taxation	**12,400**	7,985	4,415	55.3%
Exceptional items	**-**	3,250	(3,250)	(100.0%)
Underlying profit before taxation	**12,400**	11,235	1,165	10.4%
Net finance costs	**214**	231	(17)	(7.4%)
Depreciation	**2,529**	1,829	700	38.3%
Intangibles amortisation	**379**	366	13	3.6%
Underlying EBITDA	**15,522**	13,661	1,861	13.6%

Statutory basic earnings per share (pence)	**20.7p**	23.4p	(2.7p)	(11.5%)
Underlying basic adjusted earnings per share (pence)	**20.7p**	18.6p	2.1p	11.3%

Other memo information:	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 '£000	Increase/ (decrease) £'000	% increase/ (decrease)
Property lease costs	**17,361**	16,917	(444)	(2.6%)

Profit before tax and exceptional items

Group profit before tax was £12.4m (52 weeks ended 29 March 2014: £8.0m, £11.2m on an underlying basis), an increase of 55.3% on last year's statutory figure, or 10.4% on an underlying basis. The PBT margin increased from 4.9% (6.8% on an underlying basis) to 6.9%.

Revenue

Total revenue grew by 8.7% from £164.3m to £178.6m. Like-for-like sales increased by 4.0%, an overview of which is in included in the Chief Executive's Report. We opened 29 new stores/concessions, and the average number of stores open during the year grew from 263 during FY14 to 276 during FY15. Online sales grew by 36.9%.

Sales analysis	**FY15 £'000**	FY14[1] £'000	Increase/ (decrease) £'000	% increase/ (decrease)
Like-for-like sales (incl. VAT)	**186,175**	178,983	7,192	4.0%
Net new/closed stores (incl. VAT)	**11,957**	6,237	5,720	91.7%
Online (incl. VAT)	**15,947**	11,647	4,300	36.9%
Total sales	**214,079**	196,867	17,212	8.7%
Other[2]	**127**	200	(73)	(36.5%)
VAT	**(35,631)**	(32,773)	(2,858)	8.7%
Total revenue	**178,575**	164,294	14,281	8.7%

1. Each year, new stores that have been open throughout the previous financial year become classified as 'like-for-like' stores. Therefore, within the prior year comparative, the split between like-for-like and new stores alters each year, and the analysis of the FY14 'like-for-like' sales and 'new store' sales differs from the corresponding analysis shown in last year's Annual Report. The total sales and total revenue figures are unaffected.

2. 'Other' mainly comprises revenue from the wholesale supply of goods to a franchise partner with a single store in Gibraltar.

Product gross margin

The product gross margin, at 57.4%, was 0.2% higher than last year, a net result of experiencing more favourable exchange rates than during FY14, but also after incurring a higher cost of discounting during the second half of the year.

These variables affected the first and second halves of the year differently. During H1, the cost of our hedged US Dollars was greater than for the corresponding period last year. Conversely, the level of discounting during the first half of this year was slightly lower than last year due to very strong sales. The exchange rate effect was the stronger of the two and, as a result, the H1 margin was 56.5%, 0.8% below last year's figure.

During the second half of the year, the effect of these variables reversed. The average rate at which we had bought US Dollars to meet our H2 FY15 requirement was better than for the FY14 comparative period. However, as trading conditions became more difficult during the second half of the year, more discounts were applied to maintain rates of sale. Again, the exchange rate effect was the stronger, and the H2 margin was 58.2%, 1.2% above last year's figure.

The careful use of discounting meant that at the end of March 2015, the residual stock level from the recently ended autumn/winter 2014 season was comfortably below our target level - despite the increase in sales and store numbers, we only held 5.9% more units than the corresponding figure at the end of March last year.

Operating expenses and interest

Underlying operating expenses[3] grew in absolute terms by 8.8%. Expressed as a percentage of turnover, the percentage was 50.3% (FY14: 50.2%).

Costs grew principally as a result of the opening of 29 new stores/concessions, volume-related increases in distribution costs and increased marketing costs, mainly in the online channel. In addition, as we have begun to implement the capex plan, depreciation increased from its historically low level, and there was the effect of inflation on certain costs - for example, on payroll.

During the second half of the year, when it became clear that trading conditions were significantly more difficult than the first half, we took steps to reduce costs where we could, whilst taking care not to make any cuts that could affect future growth.

Interest costs remained broadly the same as for FY14, and comprised the cost of maintaining the unused bank facilities, and finance leases used to purchase lorries.

Exceptional items

During FY15, there were no costs that required classification as 'exceptional' (FY14: £3.2m, £3.0m of which related to the November 2013 IPO).

Tax

A tax refund of £0.3m relating to FY13 was confirmed in March 2015, which, combined with some other, smaller, adjustments relating to FY13, reduced the FY15 effective rate to 20.2% (FY15 statutory rate: 21.0%).

The effective tax rate for the year without the effect of the FY13 adjusting items would have been 22.0%, slightly higher than the statutory rate. This is due to part of Bonmarché's shopfitting costs being disallowable expenditure in the calculation of capital allowances and because the charge in respect of share-based payments is not deductible for tax purposes.

3. Underlying operating expenses are defined as cost of sales less cost of stock recognised as an expense and included in cost of sales (note 13 of the Group financial statements) plus administrative expenses and distribution costs, less exceptional items.

Earnings per share and dividends

The statutory basic earnings per share for the year are 20.7 pence (FY14: 23.4 pence).

In order to allow a more meaningful comparison of earnings per share year on year, the weighted average number of shares in issue during FY14 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 that the total shares issued post-IPO were in issue throughout the whole of FY14. The EPS calculation for FY14 has also been recalculated on the basis of underlying earnings.

On this basis, the underlying adjusted basic earnings per share for FY14 were 18.6 pence per share, and the FY15 basic EPS of 20.7 pence therefore represents EPS growth of 11.3%.

The Board is proposing a final dividend in respect FY15 of 4.5 pence per share. If approved by shareholders at the AGM on 30 July 2015, the dividend with be paid on 4 August 2015 to shareholders on the register as at the close of business on 26 June 2015.

Cash flow and cash position

Net cash generated from operating activities was £11.1m (2014: £9.5m). This comfortably funded the year's capex projects and the dividends paid during the year.

The Group ended the year with a gross cash balance of £11.1m (2014: £8.2m), and net cash of £10.2m (2014: £7.8m), underpinning a strong balance sheet. In addition, 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 maturity date of the Barclays facility was extended during the year, and it now matures during November 2017.

Stock

Stock at the year-end was £24.8m, 12.0% higher than the £22.1m balance at the end of FY14.

This increase is a result of several factors. The first is simply that the new stores and concessions require stock, which naturally increases the total operating level. The second relates to the Chinese New Year; some stock for sale during FY16 was bought earlier, to avoid potential disruption to deliveries as a result of this event. Finally, in advance of the main summer selling season, stocks of certain key lines have been increased in comparison to last year's level, to enable the business to satisfy any early season peaks in demand should these occur, for example in the event of a sustained spell of warm sunny weather.

Capital expenditure

Investment in property, plant, equipment and intangible assets totalled £6.3m during FY15 (FY14: £4.8m). The most significant development compared to FY14 was the increase in expenditure on the opening of new stores/concessions. We also completed the second part of a two-stage project to replace the lorries used to deliver stock to stores, and there was further expenditure on store systems.

Stephen Alldridge

Finance Director

12 June 2015

Consolidated income statement

	Note	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 £'000
Revenue		**178,575**	164,294
Cost of sales		**(135,378)**	(124,516)
Gross profit		**43,197**	39,778
Administrative expenses		**(22,855)**	(24,648)
Distribution costs		**(7,728)**	(6,914)
Operating profit	2	**12,614**	8,216
Analysed as:			
Operating profit before exceptional items		**12,614**	11,466
Exceptional items		**-**	(3,250)
Finance income		**18**	-
Finance costs		**(232)**	(231)
Profit before taxation		**12,400**	7,985
Taxation	3	**(2,504)**	(2,419)
Profit for the period		**9,896**	5,566

Earnings per share (pence)			
Basic	4	**20.7**	23.4
Diluted	4	**19.8**	22.0

Consolidated statement of comprehensive income

	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Profit for the period	**9,896**	5,566
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
- fair value movements in other comprehensive income	**5,848**	(4,629)
- transfer from cash flow hedge reserve to profit or loss	**923**	224
Tax on cash flow hedges	**(1,438)**	1,029
Total other comprehensive income/(expense) for the period	**5,333**	(3,376)
Total comprehensive income for the period	**15,229**	2,190

Consolidated balance sheet

	Note	**As at 28 March 2015 £'000**	As at 29 March 2014 £'000
Non-current assets			
Property, plant and equipment		**12,809**	9,086
Intangible assets		**2,943**	3,259
Deferred tax asset		**86**	918
Total non-current assets		**15,838**	13,263
Current assets			
Inventories		**24,794**	22,131
Trade and other receivables		**15,001**	13,605
Cash and cash equivalents	7	**11,059**	8,222
Derivative financial instruments		**3,963**	-
Total current assets		**54,817**	43,958
Total assets		**70,655**	57,221
Current liabilities			
Trade and other payables		**(37,256)**	(34,867)
Financial liabilities	7	**(202)**	(75)
Current taxation payable		**(1,666)**	(1,431)
Derivative financial instruments		**-**	(2,809)
Total current liabilities		**(39,124)**	(39,182)
Non-current liabilities			
Other payables		**(2,459)**	(3,175)
Financial liabilities	7	**(617)**	(322)
Deferred tax liabilities		**(1,189)**	(524)
Total non-current liabilities		**(4,265)**	(4,021)
Total liabilities		**(43,389)**	(43,203)
Net assets		**27,266**	14,018

Equity	**As at 28 March 2015 £'000**	As at 29 March 2014 £'000
Share capital	**500**	500
Share premium	**1,496**	1,496
EBT reserve	**(1,249)**	(1,187)
Cash flow hedge reserve	**3,170**	(2,163)
Retained earnings	**23,349**	15,372
Total equity	**27,266**	14,018

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 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 (expense)/ income for the period	-	-	-	(3,376)	5,566	2,190
Share-based payment credit	-	-	-	-	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**
Profit for the period	**-**	**-**	**-**	-	9,896	**9,896**
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	5,848	-	**5,848**
- transfer from cash flow hedge reserve to profit or loss	-	-	-	923	-	**923**
Tax on cash flow hedges	-	-	-	(1,438)	-	**(1,438)**
Total comprehensive income for the period	**-**	**-**	**-**	**5,333**	**9,896**	**15,229**
Share-based payment credit	**-**	**-**	**-**	-	251	**251**
EBT loan	**-**	**-**	(62)	-	-	**(62)**
Equity dividends paid	**-**	**-**	**-**	-	(2,170)	**(2,170)**
Balance at 28 March 2015	**500**	**1,496**	**(1,249)**	**3,170**	**23,349**	**27,266**

Consolidated statement of cash flows

	Note	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 £'000
Cash flows from operating activities			
Cash generated from operations	6	**13,519**	14,378
Interest paid		**(204)**	(891)
Tax paid		**(2,209)**	(4,005)
Net cash generated from operating activities		**11,106**	9,482
Cash flows from investing activities			
Purchases of property, plant and equipment		**(6,411)**	(3,623)
Purchases of intangible assets		**(63)**	(1,041)
Interest received		**16**	-
Net cash used in investing activities		**(6,458)**	(4,664)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		**-**	230
EBT loan		**(62)**	-
Dividends paid		**(2,170)**	(285)
Repayments of loan from a parent company		**-**	(5,385)
Proceeds from finance lease arrangements		**596**	438
Capital element of finance lease rental payments		**(175)**	(40)
Net cash used in financing activities		**(1,811)**	(5,042)
Net increase/(decrease) in cash and cash equivalents		**2,837**	(224)
Cash and cash equivalents at beginning of the period		**8,222**	8,446
Cash and cash equivalents at the end of the period		**11,059**	8,222

Reconciliation of net cash flow to movement in net cash

	Note	**52 weeks ended 28 March 2015 £'000**	52 weeks ended 29 March 2014 £'000
Opening net cash		**7,825**	2,423
Net cash inflow/(outflow) from activities		**2,837**	(224)
(Increase)/decrease in debt financing		**(422)**	5,626
Movement in net cash		**2,415**	5,402
Closing net cash	7	**10,240**	7,825

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 28 March 2015 ('Annual Report 2015') and has been agreed with the auditors for release. The Annual Report 2015 includes an unqualified audit report and does not contain any statement under s498 of the Companies Act 2006. The Annual Report 2015 will be filed with the Registrar of Companies in due course and will be available to shareholders from 29 June 2015.

The Group financial statements have been prepared on the going concern basis and in accordance with IFRS and IFRS Interpretations Committee ('IFRS IC') 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. In some years this requires 53 weeks to be reported. The accounting periods in these financial statements are the 52 weeks ended 29 March 2014 and the 52 weeks ended 28 March 2015.

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 Operating profit

Operating profit is stated after charging/(crediting):

	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Share-based payment charge	**251**	390
Depreciation of property, plant and equipment		
- owned	**2,322**	1,761
- held under finance lease	**207**	68
Amortisation of intangible assets	**379**	366
Provision for impairment of intangible assets	**-**	250
Operating lease payments		
- plant and machinery	**379**	480
- land and buildings	**17,361**	16,917
Rent free amortisation	**(1,286)**	(1,282)
Loss on disposal of property, plant and equipment	**34**	65
Foreign exchange gains	**(975)**	(339)

3 Taxation

	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Current tax:		
Current tax on profits for the period	**2,736**	2,755
Adjustments in respect of prior periods	**(291)**	**-**
Total current tax	**2,445**	2,755
Deferred tax:		
Origination and reversal of temporary differences	**43**	(312)
Adjustments in respect of prior periods	**62**	-
Changes in tax rate	**(46)**	(24)
Total deferred tax	**59**	(336)
Tax expense reported in the consolidated income statement	**2,504**	2,419

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 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Profit before tax	**12,400**	7,985
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 21%/23%	**2,604**	1,837
Tax effects of:		
Other timing differences	**123**	(142)
Expenses not deductible for tax purposes	**52**	748
Effects of changes in tax rate	**(46)**	(24)
Adjustments in respect of prior periods	**(229)**	-
Tax charge	**2,504**	2,419

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 a reduction to the main rate to reduce the rate to 20% from 1 April 2015.

4 Earnings per share

	52 weeks ended 28 March 2015	52 weeks ended 29 March 2014
Profit attributable to ordinary shareholders (£'000)	**9,896**	5,566
Basic earnings per share (pence)	**20.7**	23.4
Diluted earnings per share (pence)	**19.8**	22.0

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

For the calculation of basic and diluted earnings per share, the weighted average number of shares excludes the general shares (i.e. not jointly owned shares) held by the Employee Benefit Trust. For the calculation of diluted earnings per share only, the weighted average number of shares in issue is further adjusted 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 number of shares is as follows:

	52 weeks ended 28 March 2015 Number	52 weeks ended 29 March 2014 Number
Weighted average number of ordinary shares in issue	**50,018,150**	25,340,867
Less: shares held by the Employee Benefit Trust (weighted average)	**(128,069)**	-
Weighted average number of shares for calculating diluted eps	**49,890,081**	25,340,867
Weighted average number of potentially dilutive share awards	**(2,173,433)**	(1,508,524)
Weighted average number of shares for calculating basic eps	**47,716,648**	23,832,343

Underlying adjusted earnings per share

The Directors have also chosen to present an alternative earnings per share measure, with profit adjusted for exceptional items, as it better reflects the Group's underlying performance. For the purposes of this measure, underlying profit is as follows:

	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Profit attributable to ordinary shareholders	**9,896**	5,566
Exceptional items	**-**	3,250
Underlying profit attributable to ordinary shareholders	**9,896**	8,816

4 Earnings per share (continued)

In addition, the weighted average number of shares in issue for the prior year has been restated on a pro-forma basis to reflect the post-IPO share capital structure. The adjustment assumes the total shares issued post-IPO were in issue throughout the whole of FY14.

	52 weeks ended 28 March 2015 Number	52 weeks ended 29 March 2014 Number
Number of basic ordinary shares	**47,716,648**	47,435,150
Potentially dilutive share awards	**2,173,433**	2,583,000
Number of diluted ordinary shares	**49,890,081**	50,018,150

	52 weeks ended 28 March 2015 Pence	52 weeks ended 29 March 2014 Pence
Underlying basic adjusted earnings per share (pence)	**20.7**	18.6
Underlying diluted adjusted earnings per share (pence)	**19.8**	17.6

5 Dividends

The Directors have proposed a final dividend of 4.5 pence per share amounting to a dividend of £2.2m in respect of the 52 weeks ended 28 March 2015. It will be paid on 4 August 2015 to shareholders on the register of members as at the close of business on 26 June 2015, subject to approval by shareholders at the Annual General Meeting to be held on 30 July 2015. In line with the requirements of IAS 10 ‘Events after the reporting period’, this dividend has not been recognised within these results.

6 Cash generated from operations

	52 weeks ended 28 March 2015 £'000	52 weeks ended 29 March 2014 £'000
Profit before tax	**12,400**	7,985
Adjustments for:		
- Depreciation	**2,529**	1,829
- Loss on disposal of property, plant and equipment	**34**	65
- Amortisation of intangible assets	**379**	366
- Provision for impairment of intangible assets	**-**	250
- Amortisation of deferred arrangement fees	**-**	23
- Share-based payment charge	**251**	390
- Finance costs – net	**214**	231
- Increase in inventories	**(2,663)**	(1,948)
- Trade and other receivables – (increase)/decrease	**(1,435)**	171
- Increase in trade and other payables	**1,810**	5,016
Cash generated from operations	**13,519**	14,378

7 Analysis of net cash

	28 March 2015 £'000	29 March 2014 £'000
Cash and cash equivalents	**11,059**	8,222
Finance lease liabilities	**(819)**	(397)
Net cash	**10,240**	7,825