

Bonmarché Holdings plc
("Bonmarché" or the "Company" or the "Group")

Unaudited Interim Results

26 week period ended 26 September 2015

Bonmarché, one of the UK's largest women's value retailers, reports its unaudited interim results for the 26 week period ended 26 September 2015.

Financial Highlights:

- Total revenue up 6.5% at £97.0m (H1 FY15: £91.1m)
- Store LFL sales growth of 2.0% for H1 which includes LFL growth of 6.1% in Q2, showing improvement in LFL sales over last three quarters
- Profit before tax of £5.4m, £6.4m on a pre-exceptional basis (H1 FY15: £6.4m)
- Basic EPS was 8.4p (H1 FY15: 10.5p)
- Pre-exceptional basic EPS was 10.5p (H1 FY15: 10.5p)
- Strong cash generation, with net cash of £18.6m at the half year end (H1 FY15: £12.6m)
- Interim dividend of 2.5 pence per share (H1 FY15: 2.3 pence)

Operational Highlights:

- Brand & customer acquisition:
 - Appointed new Multi-channel & Marketing Director and strengthened teams in these areas
 - Launched test TV advertising campaign to introduce Bonmarché to a wider audience
- Product development:
 - Increased fashionability – using cues from customer responses to David Emanuel ranges, continued the extension of contemporary handwriting across main BM ranges
 - Overall LFL improvement, particularly in coats and knitwear where we have de-seasonalised transitional ranges
- Channels to market:
 - Opened 8 net new solus stores/concessions and full year programme on track
 - Programme under way to modernise store fascias with new branding; 140 to be refreshed by the year-end
 - Roll-out of personal shopping service well received by customers
 - Fully responsive website launched in July 2015

Beth Butterwick, Chief Executive of Bonmarché, commented:

“Bonmarché’s performance for the first half of the year has been satisfactory and we have made further progress against our strategic objectives. I am pleased with the improvement in store like-for-like sales, which is a testament to the value of our loyal customer base, in a market which remains challenging. I am also pleased with the progress being made by the new marketing and multi-channel teams to turn around online sales.

Trading conditions during November have been challenging, due to very mild, wet weather. Our expectations for the full year remain unchanged, provided that trading conditions normalise for the remainder of the financial year.”

Bonmarché Holdings plc
Beth Butterwick, Chief Executive
Stephen Alldridge, Finance Director

c/o FTI +44 (0)20 3727 1109

FTI Consulting - Communications adviser
Jonathon Brill, Josephine Corbett

+44 (0)20 3727 1109

Investec Bank plc - Broker
Garry Levin, David Flin

+44 (0)20 7597 4000

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, 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.

Chief Executive's Statement

Financial results

Total revenue growth for the first half of the financial year was 6.5%, a solid performance which translated into a profit before tax of £5.4m (H1 2015: £6.4m) and a pre-exceptional profit before tax ("PBT") of £6.4m. This adjusted profit was in line with the result for the first half of last year (H1 2015: £6.4m), which had benefitted from particularly good sales during the summer, driven in large part by good weather. The summer of 2015 was more typical of the norm, although there were few prolonged spells of fine weather after April.

Profit & Loss Summary	H1 FY16	H1 FY15	Change
	£m	£m	
Revenue	97.0	91.1	6.5%
<i>Product gross margin %</i>	<i>57.5%</i>	<i>57.8%</i>	<i>(30bps)</i>
<i>Underlying operating expenses %</i>	<i>50.8%</i>	<i>50.6%</i>	<i>(20bps)</i>
PBT	5.4	6.4	(15.3%)
Underlying PBT	6.4	6.4	0.4%
<i>Underlying PBT margin %</i>	<i>6.6%</i>	<i>7.0%</i>	<i>(40bps)</i>
<i>Tax %</i>	<i>25.1%</i>	<i>22.0%</i>	<i>(310bps)</i>
<i>Underlying tax %</i>	<i>21.2%</i>	<i>22.0%</i>	<i>80bps</i>
Basic EPS	8.4p	10.5p	(20.0%)
Underlying Basic EPS	10.5p	10.5p	(0.1%)
Interim dividend	2.5p	2.3p	8.7%

During the first half of the year, store only like-for-like ("LFL") sales increased by 2.0%. During Q1 of FY15, we reported store-only LFL growth of 13.5%, and against this comparative, we were satisfied with the 1.7% decline we reported for Q1 this year. The comparatives softened in Q2 last year, and as a result, we achieved 6.1% store-only LFL growth for Q2 this year.

The following table shows the progression of quarterly sales over the most recent three quarters, covering calendar year 2015 to date.

LFL & total sales growth	Store only LFL % change	Online only sales % change	LFL stores + online % change	Total sales % change
Q4 – 13 weeks ended 28 March 2015	(4.7%)	14.5%	(3.3%)	0.9%
Q1 - 13 weeks ended 27 June 2015	(1.7%)	11.4%	(0.7%)	3.8%
Q2 - 13 weeks ended 26 September 2015	6.1%	(3.6%)	5.4%	9.4%
H1 - 26 weeks ended 26 September 2015	2.0%	4.2%	2.2%	6.5%

During the first half of FY16, online sales grew by 4.2% compared to last year. They grew by 11.4% during Q1, but during Q2 we saw a decline, due to disruption connected with the launch of the new responsive site. The new site was launched on 6 July and its development required making significant changes to the underlying structure of the site, which, in particular, interrupted the operation of search engine optimisation ("SEO"), an important generator of traffic. As a result, online sales during Q2 were

3.6% lower than last year. The effect was slightly larger than expected, but did not materially affect the overall result for the first half.

Following the launch of the responsive site, work has been carried out on rebuilding the SEO links, using a new digital agency, and we expect online sales to show year-on-year growth again by the end of the financial year.

Sales from new space increased from £4.3m to £9.1m, and the main sales components are analysed below. During the period under review, a net eight new solus stores/concessions opened. Further details are included in the strategy update.

Sales analysis (£m, incl. VAT)	H1 FY16	H1 FY15	FY16 vs. FY15	% increase/ (decrease)
LFL sales	99.0	97.1	1.9	2.0%
New stores & concessions	9.1	4.3	4.8	112.1%
Online	8.2	7.9	0.3	4.2%
Total sales (per LFL calculation)	116.3	109.2	7.1	6.5%
Other	0.1	0.1	0	1.3%
VAT	(19.4)	(18.2)	(1.2)	6.5%
Total revenue (per accounts)	97.0	91.1	5.9	6.5%

The product gross margin was 57.5%, 30bps lower than last year. The very good summer of 2014 contributed to very high rates of sales at full price, in contrast to this year, where a more normal level of discounting was required to clear summer stock at the end of the season, which, as anticipated, resulted in a lower margin.

Underlying operating costs increased as a result of the addition of new space, LFL and online sales volume growth, and inflation. In addition, there were a number of specific factors which contributed to costs during the period:

- The launch of an improved delivery service to stores in June – referred to below, in the strategy update;
- A trial of TV advertising which began in September;
- New hires to strengthen the marketing and multi-channel areas;
- Higher costs of online paid search advertising during the period when customer traffic from SEO was adversely affected by the move to the responsive website.

As a result, the operating cost ratio (based on underlying expenses) increased from 50.6% in H1 FY15 to 50.8% in H1 FY16.

A provision of £1m has been included in the half-year accounts and classified as an exceptional cost, which relates to the cost of listing the Company's shares on the Official List of the London Stock Exchange.

The PBT margin declined on an underlying basis to 6.6% from 7.0% (on a statutory basis: to 5.6% from 7.0%), as a result of the product margin and operating cost changes highlighted above.

Bonmarché does not necessarily generate profits evenly in the first and second halves of the year. In the previous financial year, the first half year result was stronger than the second half, due to the pattern of trading conditions, and in particular the impact of the weather. Assuming normal trading

conditions, particularly with regard to the weather for the remainder of the year, we expect the second half of this year to be stronger than the first, as new stores begin to contribute and online growth returns.

Net cash

Net cash of £8.2m was generated during the period, after payment of the £2.2m FY15 dividend, and capex of £1.5m. Our net cash position at the half year was £18.6m compared to £12.6m last year. This balance is higher than budgeted, due to the timing of stock and capex payments of approximately £1.7m which we had expected would be made before the end of September, but which were instead paid after the period end.

In addition, at the half year end, the £1m exceptional costs relating to the listing of the Company's shares on the Official List were unpaid and therefore included within creditors.

Strategy update

Bonmarché's strategy continues to be based on a series of initiatives focused on improving our product offer, improving accessibility to the brand through developing our channels to market, nurturing the loyalty of our existing customers, and developing the brand and marketing to attract new customers.

Brand and customer acquisition

A key strength of our business is that customers who know us love us. This is supported by customer feedback and the high level of transactions conducted with our Bonus Club members, and we seek to maintain this hard won loyalty by continually striving to keep customers satisfied.

Greater emphasis is now being placed on bringing Bonmarché to the attention of people who don't know the brand with the aim of converting them into new customers. To achieve greater consistency of our message we are making good progress with our brand modernisation programme across all channels - for example in stores, where we are replacing fascias. A new media agency is working on offline marketing/media, as well as online marketing, and in this way, we aim to achieve a greater integration and consistency across all channels than hitherto.

This autumn, with the brand and proposition becoming increasingly strong, we decided the time was right to begin to test television advertising to introduce Bonmarché to a wider cohort of its target audience. A test campaign comprising two phases has been conducted in northern TV regions. Its aims were to introduce the brand to new customers, and re-engage customers who may not have shopped with us for a while and may not have realised how much Bonmarché has progressed. Preliminary results from the first phase broadcast in September are promising, and the analysis of the second phase is in progress. The rationale for investing in further advertising is sound in principle, but there is more work to do to establish where the right balance lies between short term costs and the longer term benefits from increasing brand awareness that this type of marketing activity should deliver.

Product Range

With our product strategy, we continue to follow the principle of seeking to "offer our customer what she wants".

A consistent theme is that customers continue to embrace the shift towards more contemporary designs. The David Emanuel ranges attract more contemporary customers, and the knowledge gained from reactions to these products has been used to shape the increase in mix of contemporary product across the main Bonmarché ranges.

Following last year's very mild autumn, this year we had planned to make the transitional autumn ranges less heavily dependent on cool weather by de-seasonalising our coat and knitwear ranges. By offering customers a range of products more overtly geared to autumn in lighter weight fabrics such as lighter coats and knitwear (including a coat/knitwear hybrid we refer to as a "coatigan"), we are reducing our reliance at this time of the year on heavier items.

We have introduced "wardrobe favourites", to bridge a gap we identified between our "never out of stock" running line ranges, and seasonal ranges. To reduce the risk of product overlap between launch phases through each season, we have deleted one of the phases within the transitional early autumn range plan.

Ann Harvey

Ann Harvey is distinguished from Bonmarché's main ranges by offering plus-sized designs in more contemporary styles. It was relaunched in August in 50 stores, with lower price points than in the previous trial (now broadly in line with the David Emanuel ranges) and aimed at existing Bonmarché customers rather than former customers of the Ann Harvey brand. Early feedback supports the view that there is demand for a more contemporary plus-sized offer and we will continue to evaluate this, to decide how best to capture this market and utilise the Ann Harvey brand.

Menswear

Our view about how best to position menswear products has continued to evolve since trialling our first items in this range last year. The strongest demand has been for gifts rather than replacement purchases, and we will therefore focus the menswear offer on the months immediately before Christmas, with an emphasis on popular gift items such as tops and accessories. With this in mind, we will consider the opportunity in future to offer complementary gift items alongside the core offer.

Channels to market: Store and concession portfolio

During the period we opened eleven new stores/concessions and closed three – analysed in the table below. Performances are in line with targets. Store openings do not occur evenly through the year, and therefore we still expect to achieve our plan to open at least five new solus stores (net of any relocations or closures) and 15-20 garden centre or other concession locations by the end of the financial year.

Number of stores	As at 28 Mar 2015	Opened	Closed	As at 26 Sep 2015
Solus Bonmarché stores	265	1	(1)	265
Solus Bonmarché stores relocated	n/a	1	(1)	n/a
Garden centre concessions	17	7	0	24
Other concessions	10	2	(1)	11
Total	292	11	(3)	300

Our programme to replace older store fascias with new ones incorporating the new branding is progressing according to schedule and we are on track to complete 140 by the end of the financial year. This will leave approximately 60 stores to refresh during FY17. At the same time as replacing the fascias, certain elements of internal branding have also been updated. The cost of these upgrades is £9k per store, and the FY16 capex impact therefore approximately £1.3m.

Following the trial last year of the personal shopping service, this has now been rolled out across all stores. Since its launch in April, we have seen good uptake from customers and a higher than average value per transaction where customers have used a personal shopper – we estimate that this has contributed approximately 0.3% to LFL sales growth. We see the opportunity for further growth from this service and are providing further training to our colleagues to encourage this.

To ensure that the improved products are displayed optimally and to maximise the benefit from the improvements to the store environment and customer service, we have launched "Visual Merchandising Academies". These provide training to store colleagues to develop their understanding of the impact of visual and product merchandising on consumer spending through creating the right store environment and strengthening brand consistency.

As noted in our last Annual Report, we are gradually replacing our quarterly mystery shopper programme with ongoing online customer satisfaction surveys. The mystery shopper programme produced a “Net Promoter Score” result, whereas the satisfaction surveys will, over time, provide an indication of whether customers are becoming more or less satisfied, but more usefully, will also provide insight into the factors influencing the degree of satisfaction. We have received 15,500 responses so far, a response rate we are encouraged by, and will report further on the initial intelligence gathered from this process in our next Annual Report.

Channels to market: Online

During the second quarter we have significantly strengthened the multi-channel and marketing teams. In particular, we are pleased to have recently welcomed Paul Kendrick as our Multi-channel & Marketing Director. Paul has a great depth of experience and talent and the vision to enable our multi-channel and marketing operations to move forward at a greater pace. We have also made other key appointments within the department to ensure we have the right skills and experience to execute our strategy.

We are pleased that, despite the temporary disruption caused by the transition in July to a new fully responsive website, our customers have praised our online store. We are delighted to have been voted “best online shop” in the clothing and shoes category (joint first with John Lewis) in a November 2015 “Which” report.

This positive feedback from customers supports our view that, despite the disruption to online sales during its implementation, the responsive website is now working well. We have therefore achieved the objective we set out to achieve when embarking on the project – to make Bonmarché’s website “shop” work well regardless of the type of device customers use to access it. The disruption did not affect the on-site experience; rather its effect was to temporarily reduce the ability of the site to attract new customers through “natural search” methods. Paul Kendrick has appointed a new digital agency to rebuild the required “SEO links” and its work is progressing well. The new agency will also improve other elements of our online marketing.

Tablets are the fastest growing source of new customers to the site and now account for 44% of web traffic and 40% of sales, an increase from the 37% and 31% respectively of the year before. We believe that traffic and sales from tablets will continue to increase in importance, and with this in mind, the responsive site has enabled our new web team to adopt a web design philosophy of “tablet first”.

Colleagues

We have consistently referred to colleagues being at the heart of our business. Recognising the importance of this, we now identify it as a strategic pillar in its own right. We have developed a three year “people plan”, aligned to the other parts of our strategy, which aims to ensure that we attract the right people, develop them or support their own development to their full potential, retain them and appropriately reward them.

For several years we have conducted business-wide surveys of organisational culture, which have been a valuable diagnostic tool to help us identify where we needed to focus our resources in organisational development. This process will continue, but using a different diagnostic tool. We have just conducted our first business-wide employee satisfaction survey, in conjunction with Best Companies, which runs the “Times 100” benchmarking scheme.

We have developed a suite of tools to enable colleagues to develop themselves, and supported this with a coaching/mentoring programme for the top 30 managers. This will be complimented by

practical on-the-job refreshers. We have also introduced an improved induction programme for new colleagues.

Systems & processes

In our most recent Annual Report, we referred to the introduction of changes to our delivery operation to shorten the time taken between picking and delivery to stores. We launched this upgraded operation in June, which we believe has had a positive impact on store stock availability and sales.

We are in ongoing discussions with Oracle, the supplier of our new EPOS system, about the continuation of the roll out of its "Retail J" system. We hope to be in a position to move this project forward soon. Although the delays to the roll out of the EPOS system have been disappointing, most of the behind the scenes work is complete, and there is relatively little left to do in terms of further development.

We will shortly begin the development of detailed plans for the evolution of the wider process and systems infrastructure. We have recently appointed an interim Director of Business Change to lead this planning process to ensure that it is properly treated as a business change exercise, not merely a technical IT process. We will provide a further update about this element of our plans in our Annual Report.

Risks and Uncertainties

The Board has concluded that the principal risks and uncertainties expected to affect the Group for the remainder of the financial year are the same as those identified in last year's Annual Report. These comprise the economy, the emergence of new competitors, foreign exchange risk, adverse weather conditions, extra-inflationary increases to minimum wage, loss of key management, purchase of products from overseas, buying and design, IT systems and security, and potential damage to brand and reputation.

A full assessment of these risks and uncertainties, together with corresponding sources of mitigation, can be found on pages 18 to 19 of the 2015 Annual Report which is available on the Company's website, www.bonmarcheplc.co.uk.

Dividend

The Board has declared an interim dividend of 2.5p per ordinary share, payable on 22 January 2015 to shareholders on the register on 18 December 2015.

Outlook

Against the comparative of a very strong H1 FY15, we are satisfied with Bonmarché's first half performance, and we have made further progress in the implementation of our strategy.

Trading conditions during November have been challenging, due to very mild, wet weather. Our expectations for the full year remain unchanged, provided that trading conditions normalise for the remainder of the financial year.

Our next scheduled announcement to the market is our post-Christmas sales update, on 15 January 2016.

Beth Butterwick
Chief Executive
23 November 2015

Unaudited condensed consolidated income statement

		26 weeks ended 26 September 2015 £'000	26 weeks ended 27 September 2014 £'000	52 weeks ended 28 March 2015 £'000
	Note	Unaudited	Unaudited	Audited
Revenue		96,968	91,085	178,575
Cost of sales		(72,247)	(68,539)	(135,378)
Gross profit		24,721	22,546	43,197
Administrative expenses		(15,029)	(12,239)	(22,855)
Distribution costs		(4,219)	(3,788)	(7,728)
Operating profit		5,473	6,519	12,614
Analysed as:				
Operating profit before exceptional items		6,473	6,519	12,614
Exceptional items	9	(1,000)	-	-
Finance income		20	3	18
Finance costs		(93)	(145)	(232)
Profit before taxation		5,400	6,377	12,400
Taxation	10	(1,357)	(1,403)	(2,504)
Profit for the period		4,043	4,974	9,896
Earnings per share (pence)				
Basic	11	8.4	10.5	20.7
Diluted	11	8.1	9.9	19.8

Unaudited condensed consolidated statement of comprehensive income

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Profit for the period	4,043	4,974	9,896
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- fair value movements in other comprehensive income	118	1,131	5,848
- transfer from cash flow hedge reserve to profit or loss	(1,746)	1,389	923
Tax on cash flow hedges	326	(585)	(1,438)
Other comprehensive (loss)/income for the period	(1,302)	1,935	5,333
Total comprehensive income for the period	2,741	6,909	15,229

Unaudited condensed consolidated balance sheet

		As at 26 September 2015 £'000	As at 27 September 2014 £'000	As at 28 March 2015 £'000
	Note	Unaudited	Unaudited	Audited
Non-current assets				
Property, plant and equipment	13	12,748	12,216	12,809
Intangible assets	13	2,982	3,128	2,943
Deferred tax asset		97	215	86
Total non-current assets		15,827	15,559	15,838
Current assets				
Inventories		25,255	22,028	24,794
Trade and other receivables		11,309	10,978	15,001
Cash and cash equivalents		19,295	13,516	11,059
Derivative financial instruments	16	2,389	-	3,963
Total current assets		58,248	46,522	54,817
Total assets		74,075	62,081	70,655
Current liabilities				
Trade and other payables		(40,815)	(36,218)	(37,256)
Financial liabilities		(205)	(197)	(202)
Current taxation payable		(1,702)	(1,337)	(1,666)
Derivative financial instruments	16	(54)	(289)	-
Total current liabilities		(42,776)	(38,041)	(39,124)
Non-current liabilities				
Other payables		(2,083)	(2,841)	(2,459)
Financial liabilities		(521)	(726)	(617)
Deferred tax liabilities		(846)	(447)	(1,189)
Total non-current liabilities		(3,450)	(4,014)	(4,265)
Total liabilities		(46,226)	(42,055)	(43,389)
Net assets		27,849	20,026	27,266
Equity				
Share capital		500	500	500
Share premium		1,496	1,496	1,496
EBT reserve		(1,249)	(1,187)	(1,249)
Cash flow hedge reserve		1,868	(228)	3,170
Retained earnings		25,234	19,445	23,349
Total equity		27,849	20,026	27,266

Unaudited condensed consolidated statement of changes in equity

Note	Share capital £'000	Share premium £'000	EBT reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 29 March 2014	500	1,496	(1,187)	(2,163)	15,372	14,018
Profit for the period	-	-	-	-	4,974	4,974
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	1,131	-	1,131
- transfer from cash flow hedge reserve to profit or loss	-	-	-	1,389	-	1,389
Tax on cash flow hedges	-	-	-	(585)	-	(585)
Total comprehensive income for the period	-	-	-	1,935	4,974	6,909
Share-based payment credit	-	-	-	-	137	137
Equity dividends paid	-	-	-	-	(1,038)	(1,038)
Balance at 27 September 2014	500	1,496	(1,187)	(228)	19,445	20,026
Profit for the period	-	-	-	-	4,922	4,922
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	4,717	-	4,717
- transfer from cash flow hedge reserve to profit or loss	-	-	-	(466)	-	(466)
Tax on cash flow hedges	-	-	-	(853)	-	(853)
Total comprehensive income for the period	-	-	-	3,398	4,922	8,320
Share-based payment credit	-	-	-	-	114	114
Purchase of own shares for EBT	-	-	(62)	-	-	(62)
Equity dividends paid	-	-	-	-	(1,132)	(1,132)
Balance at 28 March 2015	500	1,496	(1,249)	3,170	23,349	27,266
Profit for the period	-	-	-	-	4,043	4,043
Cash flow hedges						
- fair value movements in other comprehensive income	-	-	-	118	-	118
- transfer from cash flow hedge reserve to profit or loss	-	-	-	(1,746)	-	(1,746)
Tax on cash flow hedges	-	-	-	326	-	326
Total comprehensive (loss)/income for the period	-	-	-	(1,302)	4,043	2,741
Share-based payment credit	-	-	-	-	61	61
Equity dividends paid	-	-	-	-	(2,219)	(2,219)
Balance at 26 September 2015	500	1,496	(1,249)	1,868	25,234	27,849

Unaudited condensed consolidated statement of cash flows

		26 weeks ended 26 September 2015 £'000	26 weeks ended 27 September 2014 £'000	52 weeks ended 28 March 2015 £'000
	Note	Unaudited	Unaudited	Audited
Cash flows from operating activities				
Cash generated from operations	14	13,429	11,449	13,519
Interest paid		(64)	(98)	(204)
Tax paid		(1,350)	(1,456)	(2,209)
Net cash generated from operating activities		12,015	9,895	11,106
Cash flows from investing activities				
Purchases of property, plant and equipment		(1,251)	(4,071)	(6,411)
Purchases of intangible assets		(234)	(21)	(63)
Interest received		18	3	16
Net cash used in investing activities		(1,467)	(4,089)	(6,458)
Cash flows from financing activities				
Purchase of own shares for EBT		-	-	(62)
Proceeds from finance lease arrangements		-	596	596
Capital element of finance lease rental payments		(93)	(70)	(175)
Dividends paid	12	(2,219)	(1,038)	(2,170)
Net cash used in financing activities		(2,312)	(512)	(1,811)
Net increase in cash and cash equivalents		8,236	5,294	2,837
Cash and cash equivalents at beginning of the period		11,059	8,222	8,222
Cash and cash equivalents at the end of the period		19,295	13,516	11,059

Reconciliation of net cash flow to movement in net cash

		26 weeks ended 26 September 2015 £'000	26 weeks ended 27 September 2014 £'000	52 weeks ended 28 March 2015 £'000
	Note	Unaudited	Unaudited	Audited
Opening net cash		10,240	7,825	7,825
Net cash inflow from activities		8,236	5,294	2,837
Decrease/(increase) in debt financing		93	(526)	(422)
Movement in net cash		8,334	4,768	2,415
Closing net cash	15	18,569	12,593	10,240

Notes to the unaudited condensed consolidated financial statements

1. General information

Bonmarche Holdings plc (the 'Company') is a company incorporated and domiciled in the UK (company registration number 08638336). The address of the registered office is Jubilee Way, Grange Moor, Wakefield, West Yorkshire WF4 4SJ. The principal activity of the Company and its subsidiaries' (collectively, the "Group") is as a multi-channel retailer of high quality, affordable womenswear and accessories.

The unaudited condensed consolidated financial statements ("interim financial statements") of the Group have been prepared for the 26 weeks ended 26 September 2015 and were approved by the Board of Directors on 23 November 2015.

2. Basis of preparation

These interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's statutory financial statements for the 52 weeks ended 28 March 2015 are available upon request from the Company's registered office or from the Company's website www.bonmarchéplc.co.uk.

The interim financial statements for the 26 weeks ended 26 September 2015 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The information provided in these interim financial statements in respect of the 52 weeks ended 28 March 2015, has been extracted from the Group's annual financial statements for that period, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

3. Going concern

In determining whether the Group's interim financial statements can be prepared on a going concern basis, the Directors have considered its 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 the Group's cash flows and banking covenants for the next twelve months from the date of approval of the Group's interim results. Conservative assumptions have been used to determine the level of financial resources available to the Group, its cash requirements and to assess liquidity risk. The key trading risks identified by the Directors are the impacts that a deterioration in the economic climate, or of a sustained period of poor weather might have on the Group's sales.

The Directors have reviewed the effect of applying different assumptions (sensitivities), to the Group's forecasts and projections to understand the potential effect of all reasonably foreseeable changes in trading performance. These sensitivities show that it will have sufficient headroom within its current banking facilities, for the period under review.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 (continued)

4. Significant accounting policies

The accounting policies adopted are consistent with those used in the preparation of the Group's annual financial statements for the 52 weeks ended 28 March 2015, except where new standards and interpretations have been adopted.

The following new standards, interpretations and amendments became effective for the first time in this reporting period, the 26 weeks ended 26 September 2015, and were adopted by the Group throughout this period:

- Amendment to IFRS 2: Share-based payments – Definition of vesting conditions
- Amendment to IFRS 13: Fair Value Measurement – Short-term receivables and payables
- Amendment to IAS 24: Related Party Disclosures – Key management personnel
- Amendment to IFRS 13: Fair Value Measurement – Offsetting financial assets and financial liabilities

The above amendments to the published standards have not had a material effect on the results, the financial position or disclosures of the Group.

Other new or revised accounting standards, interpretations or amendments, that are currently endorsed but not yet effective, are not expected to have a significant impact on the future results of Group.

5. Estimates and judgements

The preparation of these interim financial statements required the Directors to make estimates and judgements in applying the Group's accounting policies, and in determining the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by the Directors were made on a consistent basis with those that applied to the Group's annual financial statements for the 52 weeks ended 28 March 2015.

6. Segment information

Management has identified that the Board of Directors ('Board') is the chief operating decision maker in accordance with the requirements of IFRS 8 'Segmental reporting'. Management has determined the operating segments based on the operating reports reviewed by the Board that are used both to assess performance and to make strategic decisions.

The Board considers the business to be one main type of business generating revenue: retail of womenswear and accessories. Sales through the internet channel do not currently meet the quantitative threshold required by IFRS 8 for reportable segments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group and other related services. All revenues are generated in the United Kingdom.

Notes to the unaudited condensed consolidated financial statements (continued)

7. Operating profit

Operating profit is stated after charging/(crediting):

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Share-based payment charge	61	137	251
Depreciation of property, plant and equipment			
- owned	1,446	1,103	2,322
- held under finance lease	111	97	207
Amortisation of intangible assets	195	152	379
Operating lease payments			
- plant and machinery	188	179	379
- land and buildings	8,891	8,575	17,361
Rent free amortisation	(672)	(643)	(1,286)
Loss on disposal of property, plant and equipment	37	34	34
Foreign exchange gains	(152)	(158)	(975)

8a Employee benefit expense

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Wages and salaries	17,867	16,640	33,105
Social security costs	1,067	996	2,070
Other pension costs	459	450	886
Share-based payments charge	61	137	251
Termination payments	24	3	23
Employee benefit expenses included in operating profit	19,478	18,226	36,335

Notes to the unaudited condensed consolidated financial statements (continued)

8b Average number of people employed

The average monthly number of full time equivalent ('FTE') people (including Executive Directors) employed by the Group during the period was:

	26 weeks ended 26 September 2015	26 weeks ended 27 September 2014	52 weeks ended 28 March 2015
	FTE	FTE	FTE
	Unaudited	Unaudited	Audited
Stores	1,501	1,440	1,434
Administration	194	180	174
Distribution	282	269	259
	1,977	1,889	1,867

9. 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. The exceptional items detailed below have been included in administrative expenses in the income statement.

Exceptional items comprise:

		26 weeks ended 26 September 2015	26 weeks ended 27 September 2014	52 weeks ended 28 March 2015
		£'000	£'000	£'000
	Footnote	Unaudited	Unaudited	Audited
Legal and professional fees	a	1,000	-	-

Footnote

a Legal and professional fees in relation to the admission of Bonmarche Holdings plc to the official listing of the London Stock Exchange on 19 October 2015.

10. Taxation

The pre-exceptional tax charge for the 26 weeks ending 26 September 2015 has been derived by applying the forecast effective tax rate for the 52 weeks ending 26 March 2016, which is 21.2% (H1 FY15: 22.0%).

The exceptional costs incurred in the 26 weeks ending 26 September 2015 have been treated as non-qualifying expenditure for tax purposes, and consequently the post-exceptional effective tax rate for this period is raised to 25.1%.

The pre-exceptional forecast effective tax rate of 21.2% for the 52 weeks ending 26 March 2016 is higher than the UK Corporate tax rate of 20%, due to the effect of expenses not deductible for tax purposes. These include charges in respect of share-based payments, and depreciation on owned assets which do not qualify for capital allowances.

Notes to the unaudited condensed consolidated financial statements (continued)

11. Earnings per share

	26 weeks ended 26 September 2015 Unaudited	26 weeks ended 27 September 2014 Unaudited	52 weeks ended 28 March 2015 Audited
Profit attributable to ordinary shareholders (£'000s)	4,043	4,974	9,896
Basic earnings per share (pence)	8.4	10.5	20.7
Diluted earnings per share (pence)	8.1	9.9	19.8

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, being management shares not yet vested.

The number of shares is as follows:

	26 weeks ended 26 September 2015 Number Unaudited	26 weeks ended 27 September 2014 Number Unaudited	52 weeks ended 28 March 2015 Number Audited
Weighted average number of ordinary shares in issue	50,018,150	50,018,150	50,018,150
Less: shares held by the Employee Benefit Trust (weighted average)	(402,390)	-	(128,069)
Weighted average number of shares for calculating diluted eps	49,615,760	50,018,150	49,890,081
Weighted average number of potentially dilutive share awards	(1,421,110)	(2,537,325)	(2,173,433)
Weighted average number of shares for calculating basic eps	48,194,650	47,480,825	47,716,648

Underlying earnings per share

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

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Profit attributable to ordinary shareholders	4,043	4,974	9,896
Exceptional items	1,000	-	-
Underlying profit attributable to ordinary shareholders	5,043	4,974	9,896

Notes to the unaudited condensed consolidated financial statements (continued)

11. Earnings per share (continued)

	26 weeks ended 26 September 2015	26 weeks ended 27 September 2014	52 weeks ended 28 March 2015
	Pence Unaudited	Pence Unaudited	Pence Audited
Underlying basic earnings per share (pence)	10.5	10.5	20.7
Underlying diluted earnings per share (pence)	10.2	9.9	19.8

12. Dividends

	26 weeks ended 26 September 2015	26 weeks ended 27 September 2014	52 weeks ended 28 March 2015
	£'000 Unaudited	£'000 Unaudited	£'000 Audited
Equity - ordinary			
Final dividend of 4.5 pence per share (2014: 2.1 pence per share)	2,219	1,038	1,038
Prior period interim dividend of 2.3 pence per share	-	-	1,132
Dividends paid during the period	2,219	1,038	2,170

The Directors have declared an interim dividend of 2.5 pence per share, which will amount to £1.2m, for the 26 weeks ended 26 September 2015. The dividend will be paid on 22 January 2016 to shareholders on the register at the close of business on 18 December 2015. In line with the requirement of IAS10 'Events after the Reporting Period', this dividend has not been recognised within these results.

Notes to the unaudited condensed consolidated financial statements (continued)

13. Capital Expenditure

	Property, plant and equipment £'000	Intangible assets £'000
Net book value at 29 March 2014 (audited)	9,086	3,259
Additions	4,364	21
Disposals	(34)	-
Depreciation and amortisation	(1,200)	(152)
Net book value at 27 September 2014 (unaudited)	12,216	3,128

	Property, plant and equipment £'000	Intangible assets £'000
Net book value at 27 September 2014 (unaudited)	12,216	3,128
Additions	1,922	42
Depreciation and amortisation	(1,329)	(227)
Net book value at 28 March 2015 (audited)	12,809	2,943

	Property, plant and equipment £'000	Intangible Assets £'000
Net book value at 28 March 2015 (audited)	12,809	2,943
Additions	1,533	234
Disposals	(37)	-
Depreciation and amortisation	(1,557)	(195)
Net book value at 26 September 2015 (unaudited)	12,748	2,982

Notes to the unaudited condensed consolidated financial statements (continued)

14. Cash generated from operations

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Profit before tax	5,400	6,377	12,400
Adjustments for:			
- Depreciation	1,557	1,200	2,529
- Loss on disposal of property, plant and equipment	37	34	34
- Amortisation of intangible assets	195	152	379
- Share-based payment charge	61	137	251
- Finance costs – net	73	142	214
- (Increase)/decrease in inventories	(461)	103	(2,663)
- Decrease/(increase) in trade and other receivables	3,544	2,673	(1,435)
- Increase in trade and other payables	3,023	631	1,810
Cash generated from operations	13,429	11,449	13,519

15. Analysis of net cash

	26 weeks ended 26 September 2015 £'000 Unaudited	26 weeks ended 27 September 2014 £'000 Unaudited	52 weeks ended 28 March 2015 £'000 Audited
Cash & cash equivalents	19,295	13,516	11,059
Finance lease liabilities	(726)	(923)	(819)
Net cash	18,569	12,593	10,240

Notes to the unaudited condensed consolidated financial statements (continued)

16. Financial instruments

Financial assets

'Trade and other receivables' and 'Cash and cash equivalents' are designated as loans and receivables and carried at amortised cost.

Financial liabilities

'Trade and other payables' and 'Financial liabilities' are designated as financial liabilities measured at amortised cost. Derivative financial instruments are measured at fair value and classified as financial liabilities designated on initial recognition as fair value movements through the profit and loss.

Derivative financial instruments - Cash flow hedges

	26 September 2015 £'000 Unaudited	27 September 2014 £'000 Unaudited	28 March 2015 £'000 Audited
Forward foreign exchange contracts – cash flow hedge (Level 2) liability	(54)	(289)	-
Forward foreign exchange contracts – cash flow hedge (Level 2) asset	2,389	-	3,963
Forward foreign exchange contracts – (notional principal amount)	72,294	48,624	48,075

The Group uses forward foreign exchange contracts to hedge the foreign exchange risk from highly probable forecast stock purchases denominated in US dollars. They are designated as cash flow hedges with fair value movements recognised directly in other comprehensive income. The amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss. The income statement impact in relation to the cash flows hedged is expected to occur in the next 15 months.

The valuation of all financial derivative assets and liabilities carried at fair value by the Group is based on hierarchy Level 2. Fair value hierarchy levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of forward foreign exchange contracts has been determined based on discounted market forward currency exchange rates at the balance sheet date.

17. Related party transactions

There have been no changes in the nature of transactions with related parties since those described in the most recent annual report and during the 26 weeks ended 26 September 2015 there have been no new related party transactions which have had a material effect on the financial position or performance of the Group.

Responsibility statement

We confirm that to the best of our knowledge:

- a) The condensed set of financial statements has been prepared in accordance with IAS 34;
- b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 26 weeks of the financial year and description of principal risks and uncertainties for the remaining 26 weeks of the financial year); and
- c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein)

By order of the Board

Beth Butterwick
Chief Executive
23 November 2015

Stephen Alldridge
Finance Director
23 November 2015

Forward looking statements

Certain statements within this report may constitute “forward looking statements” which relate to all matters that are not historic facts, including anticipated financial and operational performance, business prospects and similar matters. These forward looking statements reflect the Board’s current expectations concerning future events and actual results may differ materially from current expectations or historic results. Any such forward looking statements are subject to risks and uncertainties, including but not limited to, failure by Bonmarché to accurately predict customer fashion preferences, decline in the demand for products offered by Bonmarché, competitive influences, changes in the level of store traffic or consumer spending habits, the effectiveness of Bonmarché’s brand awareness and marketing programmes, general economic conditions or a downturn in the retail industry.