20 November 2017

Bonmarché Holdings plc

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

Unaudited Interim Results for the

26 week period ended 30 September 2017

Bonmarché, one of the UK's largest women's value retailers, reports its unaudited interim results for the 26 week period ended 30 September 2017.

Financial Highlights:

- Total revenue up 5.0% to £97.8m (FY17 H1: £93.1m)
- Combined LFL sales growth 4.3%; store-only LFL sales up 1.6%, online sales up 38.6%
- Product gross margin remained level with the same period last year
- In line with Board expectations, profit before tax of £4.2m (FY17 H1: £2.0m)
- Basic EPS was 6.8p (FY17 H1: 3.1p)
- Inventory levels at £23.5m compared to £24.8m at the end of FY17 H1
- Net cash of £14.9m at the half year end (FY17 H1: £9.8m)
- Interim dividend of 2.5 pence per share (FY17 H1: 2.5 pence)

Operational Highlights:

- Grew market share in a difficult trading environment
- Improved cross-functional working has led to progress in each of the Company's five key strategic areas – product, online, loyalty, stores and systems/processes
- Product highlights include a relaunched, higher quality, more authentic, denim range
- Strong online growth, driven by multiple improvements to customer experience and supported by stronger product ranges
- Successful launch of in-store ordering takes Bonmarché a step closer to being a true multi-channel retailer and is popular with customers and store colleagues alike
- Progress continues on system upgrades expected to deliver longer term operational and customer experience improvements

Helen Connolly, Chief Executive of Bonmarché, commented:

"I am satisfied with the progress made during the first half of the financial year. I have been encouraged by the way the teams have worked cross functionally to deliver an improved product offer and a better experience for our customers, whether in store or online. We are only at the beginning of the journey in some areas of our strategy and there is a strong plan to support future growth. I do not expect the clothing market to become any less challenging in the near future, and therefore remain focussed on continuing to grow by profitably gaining market share."

Bonmarché Holdings plc
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Notes to Editors:

Bonmarché is one of the UK's largest women's value retailers, focused on selling stylish, affordable, quality clothing and accessories in a wide range of sizes, via its own store portfolio and online. Established in 1982, Bonmarché has more than 30 years of experience in this market segment, operating across the UK.

Financial overview

The results for the first half of the FY18 financial year ("FY18 H1") showed an improvement compared with the corresponding period last year ("FY17 H1"), with underlying PBT increasing to £4.2m from £2.5m and the PBT margin increasing to 4.3% from 2.6%. We made good progress in improving our proposition to customers, and therefore, despite difficult market conditions, Bonmarché's share of the 50 plus segment of the "women's outer / sportswear" market increased from 3.2% to 3.6% for the 24 weeks ended 24 September 2017 (data from Kantar Worldpanel).

Profit and Loss Summary	**FY18 H1** £m	**FY17 H1** £m	**% change**
Revenue	**97.8**	**93.1**	**5.0%**
Product gross margin %	*57.8%*	*57.8%*	*0bps*
Underlying operating expenses %	*53.5%*	*55.1%*	*160bps*
PBT	4.2	2.0	114.4%
Underlying PBT	**4.2**	**2.5**	**70.3%**
Underlying PBT margin %	*4.3%*	*2.6%*	*170bps*
Tax %	*21.4%*	*22.4%*	*100bps*
Basic EPS	6.8p	3.1p	119.4%
Underlying basic EPS	6.8p	4.0p	70.0%
Interim dividend	**2.5p**	**2.5p**	**0.0%**

Revenue

Revenue increased by 5.0% compared to FY17 H1. The combined store like for like ("LFL") and online sales growth was 4.3%, with store only LFL increasing by 1.6%, and online sales by 38.6%. There has been a 1.4% increase in retail space (since 24 September 2016), which accounted for the remainder of the revenue growth. Details of the stores opened and closed during FY18 H1 are included later in this report, in the section on stores.

The table immediately below shows the analysis of sales growth by store type and online, compared to the 26 weeks ended 24 September 2016.

Sales analysis (£m, incl. VAT)	**FY18 H1**	**FY17 H1**	**FY18 vs. FY17**	**% change**
Store LFL sales	99.3	97.7	1.6	1.6%
Stores opened in FY17	4.0	1.8	2.2	124.5%
Stores opened in FY18	0.2	0.0	0.2	n/a
Stores relocated in the period	2.9	2.8	0.1	3.8%
Stores closed during H1 FY18	0.5	1.9	(1.4)	(72.4%)
Online	10.5	7.6	2.9	38.6%
Total sales (including VAT)	**117.3**	**111.7**	**5.6**	**5.0%**
VAT & other adjustments	(19.5)	(18.6)	(0.9)	(4.9%)
Total revenue	**97.8**	**93.1**	**4.7**	**5.0%**

The table below shows the LFL sales growth percentages for each of the two quarters comprising the first half of the financial year. The 53rd week included at the end of the previous financial year causes a one week misalignment in the statutory accounting periods but this has no material effect on the LFL sales comparisons.

LFL & total sales growth (comparison period: 26 weeks ended 24 September 2016)	Store only LFL % change	Online only sales % change	LFL stores + online % change	Total sales % change
Q1 - 13 weeks ended 1 July 2017	4.2%	37.9%	6.8%	7.7%
Q2 - 13 weeks ended 30 September 2017	(1.2%)	39.4%	1.6%	2.1%
H1 - 26 weeks ended 30 September 2017	**1.6%**	**38.6%**	**4.3%**	**5.0%**

The strategy update below describes the improvements to the customer proposition which have driven the growth in sales; notably, product ranges and online operations have been the areas which have had the greatest influence during this period. We have noted above that market conditions remained difficult, however, it should also be noted that overall, the weather during FY18 H1 was more favourable than last year.

Gross margin and operating expenses

The product gross margin was 57.8%, the same as for the corresponding period last year. As expected, due to the weakened pound, the "bought in" margin (i.e. the margin we would achieve if there were no discounts) was lower than last year but the reduction has been offset by savings from a lower level of discounting.

In our 2017 Annual Report we noted that during the second half of last year we had succeeded in reducing the level of discounting, and we have continued to make progress on this front. During FY18 H1, planned promotional discounts and the discounts stemming from the operation of the Bonus Club loyalty scheme have both been lower than last year, as have online promotions. These savings enabled us to spend more on what we term "clearance" markdown, to achieve a very low level of prior season ("terminal") stock, and still achieve an overall discount saving. The commercial and operational benefits of carrying a lower terminal stock are discussed, in the section on stores, below.

The ratio of operating expenses to revenue fell to 53.5% from 55.1% last year. Operating costs increased overall, due to a higher depreciation charge, the inflationary effect of the National Living/Minimum Wage, and the costs of three additional stores. These increases were mitigated by a reduction in marketing costs, lower logistics costs due to improved efficiency, a reduction in business rates costs, and a 6.5% reduction in head office staff numbers.

Tax

The effective tax rate for the current financial year is expected to be 21.4%, and this rate has been used for the interim financial statements. This rate is higher than the statutory rate due to part of the Group's shopfit costs being disallowable expenditure in the calculation of capital allowances.

Cash/liquidity

The Group's net cash position at the end of the period was £14.9m, up £5.1m from last year. Operating profits, a £1.4m reduction in stock (compared to last year), and a £1.8m higher creditor balance more than offset payments for capex, tax and dividends, leading to the increase in the cash balance. Approximately £1m of the creditor movement is a timing difference which is expected to unwind during FY18 H2.

The healthy net cash balance, supported by an undrawn £10m bank facility, puts the group in a strong liquidity position.

Strategy update

The strategy, as outlined in our 2017 Annual Report, comprises a modernisation of the whole customer proposition, supported by a clear view of our customers and improved effectiveness of operational execution and in the implementation of plans. The strategy is unchanged and this update covers the five main headings used previously, being product, online, loyalty, stores, and systems/processes.

Overall, through improved cross-functional working and more agile trading, we have made good progress in all areas, leading to a profitable increase in our market share. The main areas which have had a positive impact on the FY18 H1 results have been product and online. In the areas of loyalty, and systems, in particular, the sales benefits of initiatives currently being tested or implemented will be seen in the future.

Product

Customers have continued to embrace the more modern look and feel of our shops and website, which is first and foremost driven by our product offer. Under the guiding principle of appealing to “Lisa” (the new single customer profile described previously) we have made progress in several key categories. Denim was relaunched in all stores following a successful trial. The new ranges are of a much higher quality and have greater authenticity (i.e. the credibility of the styling). Supported by improved end to end execution including new display fixtures, new, more informative, point of sale material and staff training, the new denim range has achieved a 50% increase in sales compared to the previous equivalent. Other highlight performances include an improved leisurewear offer, blouses, and swimwear/holiday shop. The discontinuation of peripheral product categories such as Ann Harvey and menswear have helped to make better use of space and drive improved product/sales density.

Our trading model has become more agile as we have begun to use suppliers which can deliver with a shorter lead time. This has increased our ability to trade within the season and thereby respond more quickly to customer demands. An example of how this has improved performance was in the leisurewear category, which we were able to support through an increased level of stock purchasing, at the expense of jersey tops, which were performing less strongly. Another illustration of this increased flexibility is that at the end of September, we were 50% committed to orders for the forthcoming spring 2018 ranges, whereas at the same time last year our commitment was nearer 80%, and we will therefore have a greater ability to react to changes in the market.

The weaker performance of jersey tops was due to an over reliance on this type of garment, and is an example of a category in which we have scope to improve our offer. The focus of our attention in the future will be on product categories in which our market share under-indexes the market, for example dresses, which is the most searched for online category, and in relation to which, we have also identified the opportunity to make improvements to our proposition.

In September this year, for the first time in Bonmarché’s history, we held a supplier conference. This event was designed to increase the effectiveness of our partnerships with suppliers, as it enabled us to deliver a consistent message about the way we want to work with them, and it provided a mechanism for interactive feedback and the exchange of views. The timing of the event was highly appropriate, as we were able to discuss ways of mitigating the more expensive dollar cost, ways of achieving further increases in the agility of the supply chain, and supply chain compliance. This last point had a broad reach, and includes ethical standards and compliance, as well as more prosaic matters like standardisation of boxes in which stock is delivered, improvements in which will allow us to improve efficiency in our distribution operation.

We have continued to improve our ethical credentials; Bonmarché's ethical compliance score assessed by the ETI improved from 31% to 41%, which represents a good rate of progress compared to peers. This is the third such assessment which Bonmarché has undertaken, and each assessment has shown an improvement, with the 2015 score being 25%. This is an ongoing part of our strategy and we seek to achieve steady improvements in the ETI score as our ethical maturity develops.

Online

Online sales growth was strong throughout the period. The improvement began during the fourth quarter of the previous financial year and gathered pace as we began the current financial year. In our 2017 Annual Report we noted that the online plan comprised many improvements, the sum of which should equate to a discernibly better shopping experience for our customers.

The online team has worked well and is clearly benefitting from the more streamlined structure introduced last year, stronger leadership, and from working more closely with other parts of the business. The following examples provide a flavour of the work which has contributed to the improvement in online sales:

- Online marketing is now much more efficiently targeted. This has supported the sales growth, but also delivered a significant reduction in the cost of customer acquisition. In parallel, we have switched to a new marketing agency which we believe will be more supportive of our objective of growing sales profitably.
- We have improved our delivery offer so that customers now benefit from free delivery above a certain spend threshold, currently £35.
- The level of online discounts had previously been too high and this has been more tightly controlled during this financial year. This has been achieved partly through more discipline in the use of promotional discounts, and partly as a result of having better product to sell, which naturally requires less discounting.
- On and off-line marketing have been supported by further improvements to the look and commerciality of the catalogues we produce several times per year. The primary purpose of these is to encourage customers to visit the website or stores (or ideally, both) and they have become increasingly effective in doing so. We have also introduced a feature whereby a rendition of the catalogue is available on the website, within which the pages may be "turned"; links from the pages enable customers to click directly to the relevant product web-page to look at colour options and size availability, and buy the item.

The improvements which have helped deliver the growth in sales should continue to do so for the rest of this financial year, and into the next, for example the effectiveness of the recently appointed online marketing agency should improve progressively as it learns what works for Bonmarché, and the internal team continues to assess opportunities to improve the look and feel of the site.

Looking further forward, there remains significant scope to improve the customer experience/journey, as new systems are introduced in other parts of the business. The broad thrust of these developments will be to:

- Make the interaction between online and store shopping much more seamless than it is currently;
- Improve the delivery options for customers, and make the whole experience slicker;
- Use the customer data we already have more effectively, for example to improve the engagement our customers have with our marketing communications.

The emphasis we are placing on improving our online operation, and the wider investments we are making to modernise our systems and capabilities, should enable us to adapt to and benefit from the continuing trend for online shopping to increase its share of consumer spending.

Loyalty

In our 2017 Annual Report we set out objectives in relation to modernising and improving our Bonus Club loyalty scheme. We have begun a wide range of tests to evaluate the effects of changing a variety of parameters, the broad aim of which is to make the scheme more appealing to members, to be more effective in recognising differing levels of loyalty, and to reduce the overall cost of the discounts associated with the scheme. The outcome of the tests will be measured by changes in customer behaviour, which can take time to evaluate. The tests will therefore continue for at least the remainder of this financial year, and any significant changes planned as a result are likely to be implemented next year.

The loyalty scheme is another aspect of the business that will benefit from the improvements that we expect to be derived from the systems upgrades which we have announced previously, for example by allowing customers to have a more coherent experience of the loyalty scheme whether online or in stores.

During FY18 H1, and notwithstanding the trials referred to above, we have already made meaningful reductions in the discounts given away through Bonus Club. In such a price sensitive market, we are conscious of the need to be cautious in doing so, and we are treading carefully to ensure that the discounts we cut out are relatively unimportant to customers.

We are working through a plan to ensure that the business will comply with the General Data Protection Regulations (“GDPR”) when they come into force in May 2018. These regulations will make it significantly more difficult for businesses to use conventional “cold” marketing techniques, and we believe this will increase further the value of operating a loyalty scheme such as Bonus Club, with appropriate permissions in place and documented.

Mark Heyes has continued to work closely with Bonmarché as a brand ambassador. Mark supports messaging on internal point of sale material, and “Mark’s picks” augments our style credentials, highlighting items he believes customers will particularly like, in catalogues and online. Mark also provides great digital content we can use online, for example, he has produced a video which explains the different body shapes introduced in the new denim ranges, and helps customers interpret these to decide which would best suit their own needs. Culturally, Mark is a great fit and we are delighted with the chemistry that has developed.

Stores

Whilst much attention is rightly directed at the increasing importance of online shopping, our strategy is to develop Bonmarché as a multi-channel business, since customers who shop via both channels are the most valuable. Furthermore, the store estate remains the preferred shopping channel for the majority of our customers. Notwithstanding this, the flexibility of our leases means that, if that view changes, we are in a position to alter the profile of the store estate relatively quickly.

The most significant development in stores during FY18 H1 has been the roll-out to all sites of in-store online ordering capability following a short trial at the beginning of the financial year. This has been successful and popular with customers and colleagues alike, as it increases the likelihood of being able to satisfy the need for a style, colour or size which is not available in-store. This also underlines the importance of the other system improvements (covered in the next section) which are designed, amongst other things, to improve the availability and visibility of stock, wherever it is located.

As planned, the installation of cameras to monitor footfall in all stores was completed during the period. Having completed this, we can begin to explore how the data may be used most effectively. An early benefit has been to give the retail team a better understanding of the real (which are not always the same as the perceived) peaks and troughs in customer flow, which has given stores the insight to place more focus on serving customers at busy times, and de-prioritise activities that are not of direct benefit to customers (such as stock checking or administration) so that they can be dealt with at a quieter time.

Aside from technology, the investment focus in the store estate has been on maintenance, but there have been some key developments which keep the visual appeal of the shops up to date, such as the new fixtures to complement the launch of denim, as noted in the product section. Whilst we are in this period of significant development of what we refer to as the “customer journey” within stores, the investment in bricks and mortar and equipment will continue to be primarily focussed on maintenance.

As noted above in the commentary relating to gross margin, we have cut terminal stock levels, which are now at their lowest level for five years, as a result of a concerted effort to clear stock during the summer sale. Stocks of current season merchandise are also lower than was previously held, and in addition to improved working capital efficiency, this lower stock level facilitates easier back of house operations in stores and a lower option density on sales floors, and is therefore another subtle component which improves the experience for customers. The lower stockholding should not adversely affect the choice available to customers, as the stock that had hitherto been held was not selling quickly enough to justify its space, and therefore not important to customers.

We have opened five new stores during the period, which are trading in line with the Board’s expectations. Three of these were relocations of existing stores, and we closed seven marginal garden centre/concession sites at their natural lease breaks, so overall store numbers fell by five. In light of the continued difficult market conditions, and the upsurge in online performance, we are being particularly selective in opening new sites, which is likely to mean that the net trading square footage at the end of the financial year will be similar to the opening position. The movement in store numbers during the period is shown in the table below.

Number of stores	**As at 1 Apr 2017**	Opened	Closed	**As at 30 Sep 2017**
Solus Bonmarché stores	271	1	0	272
Solus Bonmarché stores relocated	n/a	3	3	n/a
Garden centre concessions	35	0	2	33
Other concessions	21	1	5	17
Total	**327**	5	10	**322**

Systems & processes

We described in some detail in the 2017 Annual Report the approach being taken to modernise our systems and processes, the greater part of which entails replacing the 20 year old ERP system which would constrain our ability to modernise if not updated.

We expect to begin to see benefits from this programme later in the next financial year and beyond, although some benefits will manifest themselves sooner, for example since the period end, a further phase of the project has been implemented and is already making the jobs of some colleagues easier by removing the need to undertake manual processes which were tedious, time consuming and added no value to customers. We continue to believe that seeing this programme as “business change enabled by technology” rather than “an IT project” will be instrumental in its success.

Interim dividend

The Board has declared an interim dividend of 2.5p per ordinary share (H1 FY17: 2.5p), payable on 22 January 2018 to shareholders on the register on 15 December 2017.

Outlook

We believe that Bonmarché remains unique in its ability to serve the needs of its target market. The improvement of our customer proposition as outlined above will help us achieve this and in turn meet our objective of growing sales profitably by gaining market share.

We are satisfied that the FY18 H1 result represents reasonable progress in a difficult market. We continue to face considerable uncertainty as to future market conditions, particularly in the near term, in relation to how the rest of the high street will approach discounting around Black Friday and the subsequent weeks. It has been widely reported that October was a difficult month for the clothing retail sector, and we were not immune from this; nevertheless, the Group's PBT for the 52 week period ending 31 March 2018 is anticipated be in line with the Board's expectations.

Our next scheduled announcement to the market is our post-Christmas sales update, on Friday 19 January 2018.

Helen Connolly	Stephen Alldridge
Chief Executive	Finance Director
20 November 2017	20 November 2017

Unaudited consolidated income statement

	Note	26 weeks ended 30 September 2017 £'000 Unaudited	26 weeks ended 24 September 2016 £'000 Unaudited	53 weeks ended 1 April 2017 £'000 Audited
Revenue		97,778	93,088	190,068
Cost of sales		(74,956)	(71,983)	(146,302)
Gross profit		**22,822**	**21,105**	**43,766**
Administrative expenses		(14,741)	(14,833)	(29,580)
Distribution costs		(3,846)	(4,238)	(8,236)
Operating profit		**4,235**	**2,034**	**5,950**
Analysed as:				
Operating profit before exceptional items		4,235	2,541	6,457
Exceptional items	9	-	(507)	(507)
Finance income		29	14	33
Finance costs		(64)	(89)	(190)
Profit before taxation		**4,200**	**1,959**	**5,793**
Taxation	10	(899)	(438)	(1,339)
Profit for the period		**3,301**	**1,521**	**4,454**
Earnings per share (pence)				
Basic	11	6.8	3.1	9.2
Diluted	11	6.7	3.1	9.1

Unaudited consolidated statement of comprehensive income

	26 weeks ended 30 September 2017 £'000 Unaudited	26 weeks ended 24 September 2016 £'000 Unaudited	53 weeks ended 1 April 2017 £'000 Audited
Profit for the period	**3,301**	**1,521**	**4,454**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- fair value movements in other comprehensive income	(4,973)	3,084	7,571
- transfer from cash flow hedge reserve to profit or loss	(3,020)	1,651	(5,647)
Tax on cash flow hedges	1,519	(947)	(318)
Other comprehensive (expense)/income for the period	(6,474)	3,788	1,606
Total comprehensive (expense)/income for the period	**(3,173)**	**5,309**	**6,060**

Unaudited consolidated balance sheet

	Note	As at 30 September 2017 £'000 Unaudited	As at 24 September 2016 £'000 Unaudited	As at 1 April 2017 £'000 Audited
Non-current assets				
Property, plant and equipment	13	17,704	18,481	17,042
Intangible assets	13	6,556	4,384	5,782
Deferred tax asset		465	118	103
Total non-current assets		**24,725**	**22,983**	**22,927**
Current assets				
Inventories		23,490	24,846	25,087
Trade and other receivables		11,525	11,427	15,122
Cash and cash equivalents		16,097	10,360	6,946
Deferred tax asset		166	-	-
Derivative financial instruments	16	1,491	9,515	6,704
Total current assets		**52,769**	**56,148**	**53,859**
Total assets		**77,494**	**79,131**	**76,786**
Current liabilities				
Trade and other payables		(40,712)	(39,198)	(36,561)
Financial liabilities		(425)	(214)	(426)
Current taxation payable		(905)	(401)	(592)
Deferred tax liabilities		(338)	(1,574)	(1,329)
Derivative financial instruments	16	(1,908)	-	-
Total current liabilities		**(44,288)**	**(41,387)**	**(38,908)**
Non-current liabilities				
Other payables		(1,912)	(1,518)	(1,861)
Financial liabilities		(775)	(307)	(985)
Deferred tax liabilities		(173)	(620)	(200)
Derivative financial instruments	16	(872)	-	-
Total non-current liabilities		**(3,732)**	**(2,445)**	**(3,046)**
Total liabilities		**(48,020)**	**(43,832)**	**(41,954)**
Net assets		**29,474**	**35,299**	**34,832**

Equity			
Share capital	500	500	500
Share premium	1,496	1,496	1,496
EBT reserve	(1,307)	(1,307)	(1,307)
Cash flow hedge reserve	(1,044)	7,612	5,430
Retained earnings	29,829	26,998	28,713
Total equity	**29,474**	**35,299**	**34,832**

Unaudited 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 26 March 2016		**500**	**1,496**	**(1,265)**	**3,824**	**27,645**	**32,200**
Profit for the period		-	-	-	**-**	1,521	1,521
Cash flow hedges							
- fair value movements in other comprehensive income		-	-	-	3,084	-	3,084
- transfer from cash flow hedge reserve to profit or loss		-	-	-	1,651	-	1,651
Tax on cash flow hedges		-	-	-	(947)	-	(947)
Total comprehensive income for the period		**-**	**-**	**-**	**3,788**	**1,521**	**5,309**
Share-based payment reserves credit		-	-	-	-	30	**30**
Purchase of own shares for EBT		-	-	(42)	**-**	-	**(42)**
Equity dividends paid	12	-	-	-	**-**	(2,198)	**(2,198)**
Balance at 24 September 2016		**500**	**1,496**	**(1,307)**	**7,612**	**26,998**	**35,299**
Profit for the period		-	-	-	**-**	2,933	2,933
Cash flow hedges							
- fair value movements in other comprehensive income		-	-	-	4,487	-	4,487
- transfer from cash flow hedge reserve to profit or loss		-	-	-	(7,298)	-	(7,298)
Tax on cash flow hedges		-	-	-	629	-	629
Total comprehensive income for the period		**-**	**-**	**-**	**(2,182)**	**2,933**	**751**
Share-based payment reserves debit		-	-	-	-	(3)	**(3)**
Equity dividends paid	12	-	-	-	-	(1,215)	**(1,215)**
Balance at 1 April 2017		**500**	**1,496**	**(1,307)**	**5,430**	**28,713**	**34,832**
Profit for the period		-	-	-	**-**	3,301	3,301
Cash flow hedges							
- fair value movements in other comprehensive income		-	-	-	(4,973)	-	(4,973)
- transfer from cash flow hedge reserve to profit or loss		-	-	-	(3,020)	-	(3,020)
Tax on cash flow hedges		-	-	-	1,519	-	1,519
Total comprehensive (expense)/income for the period		**-**	**-**	**-**	**(6,474)**	**3,301**	**(3,173)**
Share-based payment reserves credit		-	-	-	-	70	**70**
Equity dividends paid	12	-	-	-	**-**	(2,255)	**(2,255)**
Balance at 30 September 2017		**500**	**1,496**	**(1,307)**	**(1,044)**	**29,829**	**29,474**

Unaudited consolidated statement of cash flows

	Note	26 weeks ended 30 September 2017 £'000 Unaudited	26 weeks ended 24 September 2016 £'000 Unaudited	53 weeks ended 1 April 2017 £'000 Audited
Cash flows from operating activities				
Cash generated from operations	14	15,443	8,156	9,499
Interest paid		(71)	(61)	(132)
Tax paid		(613)	(1,075)	(1,805)
Net cash generated from operating activities		**14,759**	**7,020**	**7,562**
Cash flows from investing activities				
Purchases of property, plant and equipment		(1,918)	(5,893)	(7,682)
Purchases of intangible assets		(1,251)	(1,439)	(3,299)
Interest received		27	15	33
Net cash used in investing activities		**(3,142)**	**(7,317)**	**(10,948)**
Cash flows from financing activities				
Purchase of own shares for EBT		-	(42)	(42)
Capital element of HP and finance lease rental payments		(211)	(104)	(304)
Proceeds from HP and finance lease arrangements		-	-	1,090
Dividends paid	12	(2,255)	(2,198)	(3,413)
Net cash used in financing activities		**(2,466)**	**(2,344)**	**(2,669)**
Net increase/(decrease) in cash and cash equivalents		**9,151**	**(2,641)**	**(6,055)**
Cash and cash equivalents at beginning of the period		6,946	13,001	13,001
Cash and cash equivalents at the end of the period		**16,097**	**10,360**	**6,946**

Reconciliation of net cash flow to movement in net cash

	Note	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 **£'000**	53 weeks ended 1 April 2017 £'000
Opening net cash		**5,535**	**12,376**	**12,376**
Net cash inflow/(outflow) from activities		9,151	(2,641)	(6,055)
Decrease/(increase) in debt financing		211	104	(786)
Movement in net cash		9,362	(2,537)	(6,841)
Closing net cash	15	**14,897**	**9,839**	**5,535**

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 30 September 2017 and were approved by the Board of Directors on 20 November 2017.

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 53 weeks ended 1 April 2017 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 30 September 2017 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The information provided in these interim financial statements in respect of the 53 weeks ended 1 April 2017, 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

The Directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the 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 53 weeks ended 1 April 2017, except where new standards and interpretations have been adopted.

There are no changes to accounting standards in the current year that have an impact on the Group.

The following IFRS are currently endorsed but not yet effective:

IFRS 16 Leases. This new standard will be effective for the 52 week financial period ending 28 March 2020 and will require a significant change in the accounting and reporting of leases for the Group. The standard will require lessees to recognise assets and liabilities for all leases, with the exception of low value leases or where the lease term is 12 months or less. The impact on the Group is currently being assessed and it is not yet practicable to quantify the effect of the standard on these interim financial statements.

IFRS 9 Financial instruments replaces 'IAS39 Financial instruments: recognition and measurement' and will become effective for the 52 week financial period ending 30 March 2019. The main change for the Group is a simplification of hedge accounting rules. As a result, the impact of the change on the Group is minimal, and will result in no changes in disclosure.

IFRS 15 Revenue from contracts with customers. This will become effective for the 52 week financial period ending 30 March 2019, and requires revenue generated from contracts with customers to more accurately reflect the economic reality. This standard will not have any impact on the Group's revenues, as all of the Group's revenue relates to the retail sale of products made directly to customers either in store or online, and the contract is completed immediately upon the receipt of payment.

The Group has not early adopted any IFRSs or IFRS interpretations.

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 53 weeks ended 1 April 2017.

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 inform strategic decisions.

The Board considers the business to be one main type of business generating revenue: retail of womenswear and accessories.

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 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Share-based payment charge	70	30	27
Depreciation of property, plant and equipment			
- owned	1,577	1,300	2,937
- held under finance lease and HP agreement	271	111	295
Amortisation of intangible assets	476	215	643
Operating lease payments			
- plant and machinery	402	213	433
- land and buildings	9,571	9,539	19,710
Rent free amortisation	(569)	(783)	(1,556)
Loss on disposal of property, plant and equipment	77	120	919
Loss on disposal of intangible assets	1	3	36
Foreign exchange (gains)/losses	(48)	(824)	434

8a Employee benefit expense

	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Wages and salaries	19,150	18,580	37,330
Social security costs	1,124	1,207	2,381
Other pension costs	383	390	793
Share-based payments charge	70	30	27
Termination payments	63	33	943
Employee benefit expenses included in operating profit	**20,790**	**20,240**	**41,474**

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 30 September 2017 FTE	26 weeks ended 24 September 2016 FTE	53 weeks ended 1 April 2017 FTE
Stores	1,507	1,501	1,501
Administration	188	201	191
Distribution	239	273	265
	1,934	**1,975**	**1,957**

Notes to the unaudited condensed consolidated financial statements (continued)

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:

	Footnote	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Implementation of new EPOS system	a	-	417	417
Restructuring and recruitment costs	b	-	90	90

Footnote

a Training expenses incurred in the period in relation to the implementation of a new EPOS system across the store estate. Other costs in relation to implementing this project have been treated as capital expenditure.

b Costs relating to the recruitment of the new Chief Executive who joined the Group in August 2016.

10. Taxation

Tax for the 26 weeks to 30 September 2017 has been provided for at an effective rate of 21.4% representing the Group's forecast effective tax rate for the full year (26 weeks ended 24 September 2016: 22.4%; 53 weeks ended 1 April 2017: 23.1%).

The estimated effective rate is higher than the UK Corporation tax rate of 19% (26 weeks ended 24 September 2016: 20%; 53 weeks ended 1 April 2017: 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.

11. Earnings per share

	26 weeks ended 30 September 2017	26 weeks ended 24 September 2016	53 weeks ended 1 April 2017
Profit attributable to ordinary shareholders (£'000s)	3,301	1,521	4,454
Basic earnings per share (pence)	6.8	3.1	9.2
Diluted earnings per share (pence)	6.7	3.1	9.1

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 held by the Employee Benefit Trust (jointly owned shares held by the Employee Benefit Trust are not excluded). 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. These represent the shares granted under the Long Term Incentive Plans.

The number of shares is as follows:

	26 weeks ended 30 September 2017 Number	26 weeks ended 24 September 2016 Number	53 weeks ended 1 April 2017 Number
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)	(469,509)	(620,136)	(853,061)
Weighted average number of shares for calculating diluted eps	49,548,641	49,398,014	49,165,089
Weighted average number of potentially dilutive share awards	(797,264)	(898,864)	(837,945)
Weighted average number of shares for calculating basic eps	48,751,377	48,499,150	48,327,144

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 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Profit attributable to ordinary shareholders	3,301	1,521	4,454
Exceptional items	-	507	507
Tax deduction in relation to exceptional items	-	(101)	(101)
Underlying profit attributable to ordinary shareholders	3,301	1,927	4,860

Notes to the unaudited condensed consolidated financial statements (continued)

11. Earnings per share (continued)

	26 weeks ended 30 September 2017 Pence	26 weeks ended 24 September 2016 Pence	53 weeks ended 1 April 2017 Pence
Underlying basic earnings per share (pence)	6.8	4.0	10.1
Underlying diluted earnings per share (pence)	6.7	3.9	9.9

12. Dividends

	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Equity - ordinary			
Final dividend of 4.64 pence per share (2016: 4.64 pence per share)	2,255	2,279	2,279
Dividends returned in relation to the Restricted Share Plan	-	(81)	(81)
Prior period interim dividend of 2.50 pence per share	-	-	1,215
Dividends paid during the period	2,255	2,198	3,413

The Directors have declared an interim dividend of 2.5 pence per share, which will amount to £1.2m, for the 26 weeks ended 30 September 2017. The dividend will be paid on 22 January 2018 to shareholders on the register at the close of business on 15 December 2017. In line with the requirement of IAS10 'Events after the Reporting Period', this dividend has not been recognised within these results.

Dividends were returned in the 26 weeks ended 24 September 2016 in relation to prior period dividend payments made for management shares granted under the terms of the Restricted Share Plan. Under the terms of the plan, 20% of the share awards vest on each anniversary of the grant. Dividend payments made in relation to the unvested element of the share awards are returned to the company in the event of an employees' departure from the scheme.

More information on the Restricted Share Plan can be found in the 2017 Annual Report.

13. Capital Expenditure

	Property, plant and equipment £'000	Intangible assets £'000
Net book value at 26 March 2016	14,488	3,163
Additions	5,524	1,439
Disposals	(120)	(3)
Depreciation and amortisation	(1,411)	(215)
Net book value at 24 September 2016	**18,481**	**4,384**

	Property, plant and equipment £'000	Intangible assets £'000
Net book value at 24 September 2016	18,481	4,384
Additions	1,181	1,859
Disposals	(799)	(33)
Depreciation and amortisation	(1,821)	(428)
Net book value at 1 April 2017	**17,042**	**5,782**

	Property, plant and equipment £'000	Intangible Assets £'000
Net book value at 1 April 2017	17,042	5,782
Additions	2,587	1,251
Disposals	(77)	(1)
Depreciation and amortisation	(1,848)	(476)
Net book value at 30 September 2017	**17,704**	**6,556**

Notes to the unaudited condensed consolidated financial statements (continued)

14. Cash generated from operations

	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Profit before tax	**4,200**	**1,959**	**5,793**
Adjustments for:			
- Depreciation	1,848	1,411	3,232
- Loss on disposal of property, plant and equipment	77	120	919
- Loss on disposal of intangible assets	1	3	36
- Amortisation of intangible assets	476	215	643
- Share-based payment charge	70	30	27
- Finance costs – net	35	75	157
- Decrease/(increase) in inventories	1,597	(551)	(792)
- Decrease/(increase) in trade and other receivables	3,608	3,424	(299)
- Increase/(decrease) in trade and other payables	3,531	1,470	(217)
Cash generated from operations	**15,443**	**8,156**	**9,499**

15. Analysis of net cash

	26 weeks ended 30 September 2017 £'000	26 weeks ended 24 September 2016 £'000	53 weeks ended 1 April 2017 £'000
Cash & cash equivalents	16,097	10,360	6,946
Finance lease and HP agreement liabilities	(1,200)	(521)	(1,411)
Net cash	**14,897**	**9,839**	**5,535**

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

	30 September 2017 £'000	24 September 2016 £'000	1 April 2017 £'000
Forward foreign exchange contracts – cash flow hedge (Level 2) liability	**2,780**	**-**	**-**
Forward foreign exchange contracts – cash flow hedge (Level 2) asset	**1,491**	**9,515**	**6,704**
Forward foreign exchange contracts – (notional principal amount)	**90,321**	**72,923**	**55,598**

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 18 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 30 September 2017 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 consolidated 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

Helen Connolly	Stephen Alldridge
Chief Executive	Finance Director
20 November 2017	20 November 2017

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.