

BrightHouse

BrightHouse Group plc

Quarterly Report

as of and for the thirteen weeks ended 28 June 2014

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TABLE OF CONTENTS

Page

Operational Highlights for the First Quarter 2014	1
Certain Definitions	2
Presentation of Financial and Other Data	3
Consolidated Financial Statements	5
Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Appendix – restated quarterly consolidated financial statements	25

Operational Highlights for the First Quarter 2014

BrightHouse Group plc (the “Company”), the leading provider of rent-to-own products in the United Kingdom, today announces interim results of operations for the thirteen weeks ended 28 June 2014.

Key Highlights

- Increased revenue by 3.7% to £83.9 million for the First Quarter 2014;
- Achieved EBITDA of £11.1 million for the First Quarter 2014, consistent with the prior period;
- Increased the value of our Contract Portfolio to £569.5 million as of 28 June 2014, compared to £523.2 million as of 29 June 2013;
- Increased like-for-like revenue by 5.2% for the twelve months ended 28 June 2014;
- Our store portfolio totalled 286 as of 28 June 2014 compared to 284 as of 29 June 2013;
- As of 28 June 2014, we had 270,300 customers, representing an increase of 3.8% compared to 260,400 customers as of 29 June 2013;
- Net cash flow from operating activities increased by £22.4 million to an inflow of £20.9 million for the First Quarter 2014;

Leo McKee, Chief Executive Officer, said:

“We are pleased to report a solid set of results, which has seen our contract portfolio grow by 8.9% year on year. We expect that our strategy to grow like-for-like revenue within our existing store portfolio, implementing operational efficiency improvements, selectively expanding our store portfolio, and progressively developing our on-line presence will continue to drive growth and allow us to deliver for the remainder of the fiscal year.”

The following table reconciles EBITDA to profit for the period for the First Quarter 2013 and the First Quarter 2014.

(in thousands of £)	(Restated)	
	For the First Quarter 2013	For the First Quarter 2014
Profit for the period	4,030	1,871
Tax charge/(credit).....	(1,638)	569
Financial income and expenses.....	5,352	5,480
Depreciation of fixtures and equipment and amortization of software	3,342	3,181
EBITDA.....	<u>11,086</u>	<u>11,101</u>

Shareholder review of strategic options

Since being acquired by its present owners in 2007, BrightHouse has consistently grown both revenues and profitability, and we see substantial opportunities for further growth ahead. Vision Capital, our principal shareholder, has mandated Rothschild to evaluate strategic options in respect of its shareholding in BrightHouse. All options will be considered, including an initial public offering, but there can be no certainty that any particular transaction will take place. We will provide more details at the appropriate time.

Certain Definitions

Definitions of certain terms used in this Quarterly Report and certain financial and operating data can be found below.

“APR” refers to the annual percentage interest rate.

“Company” refers to BrightHouse Group plc.

“Contract Portfolio” refers to, collectively, all the hire purchase agreements existing on any given date. For a detailed explanation of Contract Portfolio as a non-IFRS operating measure, see “Introduction—Presentation of Financial and Other Data—Presentation of non-IFRS operating measures”.

“EBT” refers to the Employee Benefit Trust.

“First Quarter 2013” refers to the thirteen weeks ended 29 June 2013.

“First Quarter 2014” refers to the thirteen weeks ended 28 June 2014.

“First Quarter Report” refers to this report as of and for the thirteen weeks ended 28 June 2014.

“IFRS” refers to International Financial Reporting Standards as adopted by the European Union.

“Indenture” refers to the indenture dated 9 May 2013 relating to the 7⁷/₈% senior secured notes due 2018 issued by the Company.

“Insurance Subsidiaries” refers to, collectively, Caversham Insurance (Malta) Limited, Caversham Insurance Limited and Caversham Insurance (Isle of Man) Limited.

“Loan Notes” refers to the unsecured loan stock issued by the Company to Haig Luxembourg Holdco S.à r.l. on 9 May 2013 as part of the exchange of the loan stock previously issued by BrightHouse Holdings Ltd to Haig Luxembourg Holdco S. à r.l.; the principal amount outstanding under the Loan Notes on the issue date of the Notes was the balance of amounts owing to Haig Luxembourg Holdco S. à r.l. under the previously issued loan stock instrument less cash paid from the proceeds of the offering of the Notes.

“LTM” refers to any twelve month period as required by the context.

“Notes” refers to the 7⁷/₈ % senior secured notes due 2018 issued by the Company on 9 May 2013.

“Revolving Credit Facility” refers to the agreement among the Company, the guarantors of the Notes, Lloyds TSB Bank plc, as security agent and agent, and the lenders party thereto, dated 9 May 2013, for the provision of a £25.0 million revolving credit facility, as amended from time to time.

“SEC” refers to the U.S. Securities and Exchange Commission.

“sterling”, “pound sterling” and “£” refer to the lawful currency of the United Kingdom.

“the period” and “this period” refer to the First Quarter 2014 unless the context otherwise requires;

“we”, “us”, “our”, “Group” and other similar terms refer to the Company and its consolidated subsidiaries unless the context otherwise requires or is clear from context.

Presentation of Financial and Other Data

For purposes of this Quarterly Report we refer to the thirteen weeks ended 28 June 2014 as “First Quarter 2014”, and the thirteen weeks ended 29 June 2013 as “First Quarter 2013”. We refer to our fiscal year started 1 April 2014 ending March 31, 2015 as “Fiscal 2014”.

Consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries for the thirteen weeks ended 28 June 2014 presented in this Quarterly Report have been prepared in accordance with IFRS and in accordance with the accounting policies presented in the offering memorandum relating to the Notes. The consolidated financial statements are unaudited and have been derived from the internal management reporting of the Company. The results of operations for prior periods or interim periods are not necessarily indicative of the results to be expected for the full financial reporting periods or any future reporting periods.

Presentation of non-IFRS financial measures

In this Quarterly Report, we present certain non-IFRS financial measures, including EBITDA and certain related ratios. As used in this Quarterly Report, the following terms have the following meanings:

We define “EBITDA” as profit for the year before financial charges, tax, depreciation of fixtures (but not depreciation of hire purchase assets) and equipment, and amortization of software and exceptional items.

We believe that EBITDA is a useful indicator of our overall financial performance and EBITDA is a useful indicator of our liquidity and our ability to incur and service our indebtedness, and can assist certain investors, securities analysts and other interested parties in evaluating us.

EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA as reported by us to that reported by other companies. EBITDA as presented herein differs from the definition of “Consolidated EBITDA” contained in the Indenture or for purposes of any of our other indebtedness. The information presented as EBITDA is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

EBITDA is not a measurement of performance under IFRS and you should not consider EBITDA as an alternative to net income or operating profit or other performance measures determined in accordance with IFRS, or to cash flows from operations, investing activities or financing activities. EBITDA has limitations as an analytical tool, and you should not consider it in isolation.

Presentation of non-IFRS operating measures

This Quarterly Report includes information on our “Contract Portfolio” and other related data. Our Contract Portfolio consists of all of the hire purchase agreements we enter into with our customers. The value of our Contract Portfolio refers to the aggregate amount of remaining payments due under our hire purchase agreements on a given date through the term of the relevant contracts in effect on such date, assuming that all contracts are paid in full and not terminated prior to maturity. These payments include, in addition to the expected installment payments towards the retail price of the product, interest and indirect taxes, payments on the purchase of our insurance and warranty products, namely, the optional service cover and damage liability cover, purchased by our customers. This Quarterly Report also presents information on the performance of our Contract Portfolio. Information relating to the value of our Contract Portfolio and performance of our Contract Portfolio has been produced by Euristix, a specialist analytics and risk management firm, based on the data we provide them. We cannot assure you of the accuracy and completeness of such information, and Euristix does not assume liability for such information.

We present the value of our Contract Portfolio because it represents our best estimate of the undiscounted cash value of the aggregate payments that will come due under our existing hire purchase agreements at certain points in time. The value of our Contract Portfolio is an important supplemental measure by which our board of directors and management assess our performance, as they highlight the cash generation capacity of the assets underlying our business. However, these numbers are not derived from our internal financial systems or management accounts, but are derived from our non-financial operating systems and they have not been audited, reviewed or verified by independent auditors.

The value of the Contract Portfolio and other Contract Portfolio related performance data, as computed by us, may not be comparable to similar metrics used by other companies in our industry. In addition, our computations could differ in the future from the figures included in this Quarterly Report. Furthermore, levels of actual recoveries are uncertain and may vary materially due to several factors. Therefore, none of the value of our Contract Portfolio or any other Contract Portfolio related data included herein should be relied on as indicators of future revenue or performance.

Rounding adjustments

Certain numerical figures contained in this Quarterly Report, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or within a table may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Restatement of the Income Statement, Statement of Financial Position and Statement of Cash Flows

Subsequent to the issuance of the Quarterly Report for the quarter ended 29 June 2013, the Group determined that changes were required to more accurately report the Group's income statement, statement of financial position and statement of cash flows. Accordingly, certain incentives received from the suppliers of inventory have been credited to the cost of inventory rather than being recognised in the income statement in the period the incentives were due.

Consolidated Financial Statements

Group income statement

for the thirteen weeks ended 28 June 2014

		<i>13 weeks ended</i>	<i>Restated</i>
		<i>13 weeks ended</i>	<i>13 weeks ended</i>
		<i>June 28</i>	<i>June 29</i>
		<i>2014</i>	<i>2013</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Revenue	2	83,861	80,900
Cost of sales		(36,918)	(33,941)
Gross profit		<hr/> 46,943	<hr/> 46,959
Operating expenses		(39,023)	(39,215)
Operating profit		<hr/> 7,920	<hr/> 7,744
Other finance income	3	36	10
Other finance expenses	3	(5,516)	(5,362)
Profit before taxation		<hr/> 2,440	<hr/> 2,392
Tax (charge) / credit	4	(569)	1,638
Profit for the period		<hr/> <hr/> 1,871	<hr/> <hr/> 4,030

The results shown above all relate to continuing activities.

Group statement of comprehensive income

for the thirteen weeks ended 28 June 2014

	<i>13 weeks ended</i>	<i>Restated</i>
	<i>13 weeks ended</i>	<i>13 weeks ended</i>
	<i>June 28</i>	<i>June 29</i>
	<i>2014</i>	<i>2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>£000</i>	<i>£000</i>
Profit for the period	1,871	4,030
Other comprehensive income for the period net of tax	–	–
Total comprehensive income for the period net of tax	<hr/> 1,871	<hr/> 4,030

Group statement of financial position

as of 28 June 2014

		<i>Restated</i>
	<i>June 28</i>	<i>June 29</i>
	<i>2014</i>	<i>2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Notes</i>	<i>£000</i>	<i>£000</i>
Non-current assets		
Property, plant and equipment	5 157,896	159,229
Intangible assets	6 83,952	83,096
Trade and other receivables	9 23,212	17,568
Deferred tax assets	7 10,067	12,333
	<hr/>	<hr/>
	275,127	272,226
	<hr/>	<hr/>
Current assets		
Inventories	8 19,671	15,109
Trade and other receivables	9 50,431	39,475
Current tax receivable	–	2,454
Cash and cash equivalents	10 17,918	21,261
Financial assets	12 –	105
	<hr/>	<hr/>
	88,020	78,404
	<hr/>	<hr/>
Total assets	363,147	350,630
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	11 69,061	62,820
Financial liabilities	12 36	–
Current tax payable	553	–
	<hr/>	<hr/>
	69,650	62,820
	<hr/>	<hr/>
Non-current liabilities		
Financial liabilities	12 244,026	253,179
	<hr/>	<hr/>
	244,026	253,179
	<hr/>	<hr/>
Total liabilities	313,676	315,999
	<hr/>	<hr/>
Net assets	49,471	34,631
	<hr/>	<hr/>
Equity attributable to equity holders of the parent		
Share capital	13 50	50
Share premium	552	552
Capital redemption reserve	57	57
Own shares reserve	(246)	(286)
Retained reserves	49,058	34,258
	<hr/>	<hr/>
Total equity	49,471	34,631
	<hr/>	<hr/>

Group statement in changes of equity

for the thirteen weeks ended 28 June 2014

	Share capital (unaudited) £000	Share premium (unaudited) £000	Own shares (unaudited) £000	Retained earnings (unaudited) £000	Capital redemption reserve (unaudited) £000	Total Equity (unaudited) £000
As of 1 April 2013	9	6,592	(286)	29,326	57	35,698
Profit for the period (restated)	–	–	–	4,030	–	4,030
Bonus issue of shares	41	(41)	–	–	–	–
Share premium reduction	–	(5,999)	–	5,999	–	–
Equity dividends paid	–	–	–	(5,097)	–	(5,097)
As of 29 June 2013	<u>50</u>	<u>552</u>	<u>(286)</u>	<u>34,258</u>	<u>57</u>	<u>34,631</u>
As of 1 April 2014	50	552	(283)	47,187	57	47,563
Profit for the period	–	–	–	1,871	–	1,871
Issue of shares to employees (net)	–	–	37	–	–	37
As of 28 June 2014	<u>50</u>	<u>552</u>	<u>(246)</u>	<u>49,058</u>	<u>57</u>	<u>49,471</u>

Group statement of cash flows

for the thirteen weeks ended 28 June 2014

		<i>Restated</i>
	<i>13 weeks ended</i>	<i>13 weeks ended</i>
	<i>June 28</i>	<i>June 29</i>
	<i>2014</i>	<i>2013</i>
	<i>Notes</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>£000</i>	<i>£000</i>
Cash flows from operating activities		
Profit for the year	1,871	4,030
Adjustments for:		
Sales proceeds from sales of rental assets	658	720
Depreciation	25,675	26,574
Amortisation of intangible assets	1,283	1,225
Financial income	(36)	(10)
Financial expense	5,516	5,362
Profit on rental assets sold to customers	(162)	(350)
Rental assets written off as obsolete or not recoverable from defaulting customers	6,212	4,559
Purchase of rental assets	(28,135)	(35,654)
Taxation	569	(1,638)
Operating cash inflow before changes in working capital	13,451	4,818
(Increase) / decrease in trade and other receivables	(4,393)	2,109
Increase in inventories	(10,149)	(6,244)
Increase in trade and other payables	22,020	1,568
Cash generated from operations	20,929	2,251
Tax paid	–	(3,765)
Net cash flow from operating activities	20,929	(1,514)
Cash flows from investing activities		
Interest received	13	10
Purchase of property, plant and equipment	(453)	(2,014)
Payments to acquire intangible assets	(1,162)	(1,295)
Net cash from investing activities	(1,602)	(3,299)
Cash flows from financing activities		
Issue of new 10% loan stock	–	26,640
New senior credit facility	–	15,000
Repayment of senior credit facility	(9,000)	(74,487)
Repayment of unsecured loan stock	–	(153,906)
Interest paid	(8,751)	(4,922)
Loan arrangement fees / financing costs	–	(8,028)
Issue of senior secured notes	–	220,000
Proceeds of new shares	–	1
Equity dividends paid	–	(5,097)
Proceeds from sale of shares by EBT	34	–
Net cash flow from financing activities	(17,717)	15,201
Net increase in cash and cash equivalents	1,610	10,388
Cash and cash equivalents at the beginning of the period	16,308	10,873
Cash and cash equivalents at the end of the period	10	21,261

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

1. Accounting policies and basis of preparation

This quarterly report contains condensed consolidated financial information of BrightHouse Group plc for the thirteen weeks ended 28 June 2014. The unaudited quarterly financial information has been prepared using consistent accounting policies, presentation, and method of computation to those applied in the latest annual financial statements of BrightHouse Group plc for the year ended March 31, 2014. This financial information should be read in conjunction with the consolidated financial statements of BrightHouse Group plc for the year ended March 31, 2014.

Basis of preparation

The consolidated financial statements of BrightHouse Group plc and its subsidiaries (the “Group”) are approved by the directors and prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (“EU”) (“Adopted IFRS”). The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£’000) except where otherwise indicated. The financial information contained in this interim statement does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006.

Restatement of the Income Statement, Statement of Financial Position and Statement of Cash Flows

Subsequent to the issuance of the Quarterly Report for the quarter ended 29 June 2013, the Group determined that changes were required to more accurately report the Group’s income statement, statement of financial position and statement of cash flows. Accordingly, certain incentives received from the suppliers of inventory have been credited to the cost of inventory rather than being recognised in the income statement in the period the incentives were due.

2. Revenue

Revenue comprises revenue from the provision of home electronic and domestic appliances, household furniture and other related products to domestic customers through hire purchase agreements and related service insurance agreements. Customers entering into our hire purchase agreements from 2 September 2013 are entitled to return assets at any time with no further payments falling due and with no penalties incurred. Prior to 2 September 2013, the automatic right of return was not provided within the hire purchase agreement, however, the majority of customers also entered into an additional optional insurance arrangement which gave them this benefit.

On this basis the transactions are treated as being operating leases in nature and the directors believe that at the inception of the lease there are no minimum future lease payments as the goods can be returned at any time.

3. Finance income and expenses

Recognised in income statement

	<i>13 weeks ended</i> 28 June 2014 <i>(unaudited)</i> £000	<i>13 weeks ended</i> 29 June 2013 <i>(unaudited)</i> £000
Interest income	13	10
Fair value gains on forward foreign exchange contracts	23	–
Finance income	<u>36</u>	<u>10</u>

	<i>13 weeks ended</i> 28 June 2014 <i>(unaudited)</i> £000	<i>13 weeks ended</i> 29 June 2013 <i>(unaudited)</i> £000
Interest expense	5,451	5,184
Unwinding of discount re: trade receivables due after more than 1 year	65	103
Fair value losses on forward foreign exchange contracts	–	75
Finance expenses	<u>5,516</u>	<u>5,362</u>

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

4. Income tax

Income tax on profit on ordinary activities
Recognised in the income statement

	<i>13 weeks ended</i> <i>28 June 2014</i> <i>(unaudited)</i> <i>£000</i>	<i>Restated</i> <i>13 weeks ended</i> <i>29 June 2013</i> <i>(unaudited)</i> <i>£000</i>
<i>Current tax:</i>		
Corporation tax charge overseas	68	158
Total current income tax	<u>68</u>	<u>158</u>
<i>Deferred tax:</i>		
Deferred tax charge	501	(1,796)
Total deferred tax charge	<u>501</u>	<u>(1,796)</u>
Total income taxation in income statement	<u><u>569</u></u>	<u><u>(1,638)</u></u>

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

5. Property, plant and equipment

	<i>Rental assets (unaudited) £000</i>	<i>Fixtures, equipment and vehicles (unaudited) £000</i>	<i>Total (unaudited) £000</i>
Cost:			
As of 1 April 2013 (restated)	172,457	47,440	219,897
Additions (restated)	35,654	2,014	37,668
Disposals	(25,122)	–	(25,122)
As of 29 June 2013	182,989	49,454	232,443
As of 1 April 2014	192,384	50,734	243,118
Additions	28,135	453	28,588
Disposals	(31,724)	–	(31,724)
As of 28 June 2014	188,795	51,187	239,982
Depreciation:			
As of 1 April 2013 (restated)	41,265	25,567	66,832
Depreciation charge for the period (restated)	24,457	2,117	26,574
Disposals	(20,192)	–	(20,192)
As of 29 June 2013	45,530	27,684	73,214
As of 1 April 2014	47,702	33,726	81,428
Depreciation charge for the period	23,777	1,898	25,675
Disposals	(25,017)	–	(25,017)
As of 28 June 2014	46,462	35,624	82,086
Net book value:			
As of 28 June 2014	142,333	15,563	157,896
As of 1 April 2014	144,682	17,008	161,690
As of 29 June 2013	137,459	21,770	159,229
As of 1 April 2013	131,192	21,873	153,065

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

6. Intangible assets

	<i>Software</i> <i>(unaudited)</i> <i>£000</i>	<i>Goodwill</i> <i>(unaudited)</i> <i>£000</i>	<i>Total</i> <i>(unaudited)</i> <i>£000</i>
Cost:			
As of 1 April 2013	36,437	74,978	111,415
Additions	1,295	–	1,295
As of 29 June 2013	37,732	74,978	112,710
As of 1 April 2014	42,480	74,978	117,458
Additions	1,162	–	1,162
As of 28 June 2014	43,642	74,978	118,620
Amortisation:			
As of 1 April 2013	28,389	–	28,389
Amortisation charge for the period	1,225	–	1,225
As of 29 June 2013	29,614	–	29,614
As of 1 April 2014	33,385	–	33,385
Amortisation charge for the period	1,283	–	1,283
As of 28 June 2014	34,668	–	34,668
Net book value:			
As of 28 June 2014	8,974	74,978	83,952
As of 1 April 2014	9,095	74,978	84,073
As of 29 June 2013	8,118	74,978	83,096
As of 1 April 2013	8,048	74,978	83,026

Impairment testing

Goodwill arose from the acquisition of BrightHouse Limited and has been allocated to the Group's one cash generating unit (CGU) of retail sales, hire-purchase agreements and associated premiums for insurance and warranty contracts. The recoverable amount of the CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by the board covering a five year period.

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

7. Deferred tax assets and liabilities

	28 June 2014 (unaudited) £000	<i>Restated</i> 29 June 2013 (unaudited) £000
Assets:		
Tax losses recognised	2,667	6,150
Foreign forward exchange contracts	7	(24)
Unrealised profit on intercompany trading	351	2,433
Other property, plant and equipment	6,715	3,379
Capital contributions on lease incentives	327	395
	<hr/>	<hr/>
Total tax assets	10,067	12,333
	<hr/> <hr/>	<hr/> <hr/>

8. Inventories

	28 June 2014 (unaudited) £000	29 June 2013 (unaudited) £000
Goods held for resale at cost	19,671	15,109
	<hr/> <hr/>	<hr/> <hr/>

During the period assets acquired for resale amounting to £28,135,000 (2013 – £35,654,000) were capitalised within property, plant and equipment as rental assets when issued to stores in advance of being hired to customers pursuant to hire and hire purchase agreements.

9. Trade and other receivables

	28 June 2014 (unaudited) £000	29 June 2013 (unaudited) £000
Current:		
Trade receivables	4,116	1,726
Other trade receivables and prepayments	16,116	12,405
Other non-trade receivables	606	802
VAT incurred in advance of recovery from customers	29,593	24,542
	<hr/>	<hr/>
	50,431	39,475
	<hr/> <hr/>	<hr/> <hr/>
Non current:		
VAT incurred in advance of recovery from customers	21,124	16,913
Other trade receivables and prepayments	1,081	655
Other non-trade receivables	1,007	–
	<hr/>	<hr/>
	23,212	17,568
	<hr/> <hr/>	<hr/> <hr/>

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

9. Trade and other receivables (continued)

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. Trade receivables primarily comprise VAT recoverable which is paid on the full value of assets acquired by customers under hire and hire purchase agreements when the contracts commence and are recovered from customers over the full length of these agreements or from HMRC on customer default.

Within trade receivables £23,212,000 (2013 – £17,568,000) are receivable after more than one year and have been discounted to determine their fair value. All trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a bad debt provision of £1,278,000 (2013 – £1,028,000) has been recorded accordingly.

In addition, some of the unprovided trade receivables are past due as of the reporting date. The age of financial assets past due but not provided for is as follows:

	<i>28 June 2014</i>	<i>29 June 2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>£000</i>	<i>£000</i>
1-7 days	79	71
8-14 days	85	54
15-45 days	285	110
45-90 days	9	6
	<u>458</u>	<u>241</u>

Movements in bad debt provision

	<i>28 June 2014</i>	<i>29 June 2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>£000</i>	<i>£000</i>
At beginning of period	1,192	856
Amounts written off as uncollectable	(3,349)	(2,447)
Increase in bad debt provision	3,435	2,619
	<u>1,278</u>	<u>1,028</u>

The movement in the bad debt provision consists of individually insignificant balances.

10. Cash and cash equivalents

	<i>28 June 2014</i>	<i>29 June 2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>£000</i>	<i>£000</i>
Cash and cash equivalents per balance sheet and cash flow statement	<u>17,918</u>	<u>21,261</u>

Cash and cash equivalents comprise cash at bank and in hand. Included within cash and cash equivalents is restricted cash of £6,011,000 (2013 – £12,407,000). This includes restricted cash of £5,298,000 (2013 - £11,357,000) which represents cash at bank held by entities who supply insurance related services within the Group which is restricted due to certain regulatory and solvency requirements. This also includes restricted cash of £713,000 (2013 – £1,050,000) which represents cash held by the Group on behalf of customers.

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

11. Trade and other payables

	28 June 2014 (unaudited) £000	29 June 2013 (unaudited) £000
Trade payables	33,553	27,790
Other taxes and social security	4,271	5,657
Other non-trade payables	566	706
Accrued expenses	28,501	26,202
Accrued interest	2,170	2,465
	<u>69,061</u>	<u>62,820</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

12. Financial assets and liabilities

	28 June 2014 (unaudited) £000	29 June 2013 (unaudited) £000
Current assets:		
Foreign currency forward contracts	–	105
	<u>–</u>	<u>105</u>
Current liabilities:		
Foreign currency forward contracts	36	–
	<u>36</u>	<u>–</u>
Non-current liabilities:		
Senior credit facility	500	14,124
Unsecured 10% loan stock issued to related parties	29,676	27,020
Senior secured notes	213,850	212,035
	<u>244,026</u>	<u>253,179</u>

As of 28 June 2014, the senior credit facility includes a drawdown of £0.5 million (2013 - £15 million) less fees incurred on the new debt facility of £1,007,000 (2013 - £876,000). The senior secured notes include an issue of £220 million (2013 - £220 million) less fees incurred on the new debt facility of £6,150,000 (2013 - £7,965,000). These fees are amortised over the term of the facilities.

Terms and debt repayment schedule

The unsecured 10% loan stock is redeemable on 9 May 2040 and forms part of the investment made in the Group by funds advised by Vision Capital LLP. The unsecured 10% loan stock is subordinated and junior in right of payment to the senior credit facility and the senior secured notes. The amount above includes £3,036,000 (2013: £380,000) of accrued interest. The Group repaid £128,800,000 unsecured 10% loan stock on 9 May 2013. The terms of the unsecured loan stock are such that the maturity date cannot be prior to the maturity date of the senior credit facility and the senior secured notes.

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

12. Financial liabilities (continued)

On 9 May 2013 the Group entered into a senior credit facility with Lloyds TSB Bank Plc, and GE Corporate Finance Bank SAS. This amounted to a total facility of £25 million and is secured against the assets of the Group. This facility is repayable on 9 September 2017. There is a first priority fixed security and floating charge over the assets of the Group in favour of Lloyds TSB Bank Plc, acting as security agent.

On 9 May 2013 the Group issued £220 million Senior Secured Notes due 15 May 2018. Interest is fixed at 7.875% and payable on 15 May and 15 November every year to the date of expiry. These notes are pari passu with the senior credit facility issued on 9 May 2013, however, in the event of enforcement of the collateral and certain distressed disposals, holders of the notes will receive proceeds from the enforcement of the collateral only after the senior credit facility lenders have been repaid.

As of 28 June 2014 the Group had undrawn committed facilities available to it of £24.5 million (2013 – £10 million), in respect of which all conditions precedent had been met and all covenants complied with.

13. Share capital

	28 June 2014		29 June 2013	
	No.	£000	No.	£000
<i>Allotted, called up and fully paid</i>				
A Ordinary shares of £0.001 each	–	–	–	–
Ordinary shares of £0.01 each	–	–	–	–
B Ordinary shares of £0.01 each	–	–	–	–
C Ordinary shares of £0.01 each	–	–	–	–
D Ordinary shares of £0.01 each	–	–	–	–
E Ordinary shares of £0.01 each	–	–	–	–
A Ordinary shares of £0.001 each	4,350,000	4	4,350,000	4
Ordinary shares of £0.001 each	142,500	–	117,500	–
B Ordinary shares of £0.01 each	200,000	2	200,000	2
C Ordinary shares of £0.01 each	75,000	1	100,000	1
D Ordinary shares of £0.01 each	62,500	1	62,500	1
E Ordinary shares of £0.01 each	62,500	1	62,500	1
F Ordinary shares of £500 each	1	1	1	1
G Ordinary shares of £0.001 each	107,499	–	107,499	–
A Preferred shares of £0.0000001 each	6,725,639	–	6,725,639	–
B Preferred shares of £0.0000001 each	86,583,475	–	86,583,475	–
Deferred shares of £0.0000001 each	6,993,992,053	–	4,743,992,053	–
C Preferred shares of £1.00 each	40,500	41	40,500	41

On 22 November 2012 new Articles of Association were adopted by the Company which resulted in the sub-division and re-designation of the existing share capital into new classes of both Ordinary and Preferred Shares as set out below.

‘A Ordinary Shares’ are controlled by VCP VI B (see note 23 Related parties). ‘B Ordinary Shares’, ‘C Ordinary Shares’, ‘D Ordinary Shares’, ‘E Ordinary Shares’, ‘F Ordinary Shares’, ‘G Ordinary Shares’ and ‘Ordinary Shares’ are controlled by management (‘Management Shares’). ‘A Preferred Shares’ are controlled by VCP VI B, ‘B Preferred Shares’ are controlled by VCP VI B and management and ‘Deferred Shares’ are controlled by the Employee Benefit Trust. Dividends are distributed first to A Preferred Shares until the maximum hurdle rate, described in the Articles of Association, has been met. Remaining dividend amounts are then distributed to B Preferred Shares until the maximum hurdle rate has been met. Deferred Shares receive no dividend distribution. All other classes of share are treated equally for any remaining distribution. For voting, each class of share holds in aggregate, the % of votes as follows: A Ordinary:

Notes to Group financial statements

as of and for the thirteen weeks ended 28 June 2014

13. Share capital (continued)

75%, B Ordinary: 5%, C Ordinary 5%, D Ordinary 5%, E Ordinary 5% and F Ordinary 5%. All other classes of share hold no voting rights. In the event of a sale of the business, realisation proceeds are allocated in the following order. To the extent that the hurdle rate exceeds any previous return of capital A Preferred Shares receive proceeds first. Next to the extent that the hurdle rate exceeds any previous return of capital B Preferred Shares receive proceeds. Deferred Shares receive a maximum of 1p on a sale of the business. Finally any remaining proceeds are distributed equally between the remaining share classes. However, in certain circumstances described in the Articles, participation of Management Shares in the proceeds may increase.

On 17 April 2013 two new classes of share were created. The H share is controlled by management and has 5% voting rights. Following the creation of this class of share the E Shares, controlled by the EBT lost voting rights. C Preferred shares are controlled by both VCP VI B and management and have no voting rights. The H Shares has the same economic rights as the Ordinary Shares and the C Preferred Shares only entitle the holders to an aggregate of £20 on any realisation.

On 28 November 2013 25,000 C Ordinary Shares were converted into 25,000 Ordinary Shares and 2,250,000,000 Deferred Shares.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and should be read together with our consolidated financial statements as of and for the thirteen weeks ended 28 June 2014 and the accompanying notes included elsewhere in this Quarterly Report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below in “—Forward Looking Statements”.

Forward-Looking Statements

This Quarterly Report includes “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Quarterly Report, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions, financial performance, performance of our Contract Portfolio, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “project”, “should” or “will” or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry, the macroeconomic environment and the regulatory landscape in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this quarterly report. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry and regions in which we operate, are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements are only made as of the date of this Quarterly Report and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Quarterly Report.

Overview

We are the leading player in the rent-to-own market in the United Kingdom measured by revenue, total customers and number of stores. We offer an integrated retail, credit and service proposition targeted at low income and credit impaired consumers who have limited access to traditional financing alternatives. We conduct our operations from our 286 stores which are located across the United Kingdom. Our product offering consists of a well-balanced mix of quality new and refurbished household goods, including essential and aspirational products, from four main categories: (i) televisions and audio products; (ii) domestic appliances, including washers, fridges and cookers; (iii) furniture, including sofas, dining sets and beds; and (iv) consumer technology, including mobile devices, gaming consoles and computers. Each product category includes a choice of leading brands from name-brand manufacturers, as well as entry level products and quality refurbished products, across a wide range of price points, which are carefully selected to appeal to our target customers.

On 2 September 2013, we launched our simplified “Single Price Agreement” pricing structure. Included within the retail price of the product is a package of benefits incorporating delivery and installation and cover providing for unlimited repair and maintenance of the product over the life of the agreement, a short term replacement product if the product needs to be repaired outside the home, and a repair or like-for-like replacement in the event of loss through accidental damage, fire or theft. The retail prices of our products have been uplifted to reflect the additional benefits included.

We offer our products on an affordable payment schedule. This enables customers to have the items they want and need while spreading the cost over a number of years. Once a customer has selected a product, we conduct a bespoke credit verification process and enter into a hire purchase agreement, providing, primarily, weekly instalment payments and no initial deposit. Ownership of the product passes to the customer upon full payment under the hire purchase agreement. The representative APR offered in our hire purchase agreements is 64.7%. The actual rate offered to individual customers is currently in the range 64.7% – 79.9% based upon the customer’s individual credit score and the product taken. Included within the credit agreement, we provide the customers, for no additional cost, the right of return and cancellation at any time, typically without penalty, and the ability to take a payment holiday if needed. As a result, customers benefit from a package which provides them with peace of mind by providing a full repair service and also providing them with the flexibility to return the product and terminate the hire purchase at any time should their preferences or circumstances change.

Prior to 2 September 2013, our APR was 29.9%. Additional covers, including optional service cover and damage liability cover, were offered alongside the hire purchase agreement, and provided unlimited maintenance of the product during the life of the hire purchase agreement, and cover for loss through accidental damage, fire and theft, respectively. Both covers can be cancelled by the customer with seven days’ notice. Agreements in effect prior to 2 September 2013 are unaffected by the introduction of the Single Price Agreement; the contracts and covers will continue with no change to their terms and conditions.

Key Performance Indicators

We use certain key operating measures to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. These numbers are not derived exclusively from our internal financial systems or management accounts, but also from our non-financial operating systems. As they are defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As of and for the thirteen weeks ended June 29, 2013	As of and for the thirteen weeks ended June 28, 2014
Summary Statistical and Operating Data		
Customer Data		
Total customers ⁽¹⁾	260.4	270.3
Average number of contracts per customer ⁽²⁾	2.77	2.78
Stores		
Number of stores.....	284	286
LTM like-for-like revenue growth (%) ⁽³⁾	9.1	5.2
Contract Portfolio (in millions of £) ⁽⁴⁾	523.2	569.5

(1) Total customers represents the number of distinct individuals who are party to one or more hire purchase agreements outstanding on the relevant date with us, without regard to the number of hire purchase agreements entered into by each such customer.

(2) Average number of contracts per customer is calculated by dividing the number of total hire purchase agreements outstanding on the relevant date by the number of total customers on such date.

(3) LTM like-for-like revenue refers to revenue generated by our stores in any given twelve-month period excluding revenues generated by new stores opened within the twelve-month period under review and the immediately preceding twelve-month period. Therefore, stores are included in this measure only when the results for two complete trading years are available. LTM like-for-like revenue growth is the increase in revenues generated by our stores in any given twelve-month period compared to the revenues generated by such stores in the previous twelve-month period presented as a percentage of such previous twelve-month period revenues. LTM like-for-like revenues are impacted by the growth in our business and trading volumes as well as the maturity profile of our store network. The number of new stores that have completed two trading years and are included in the calculation of LTM like-for-like revenues has an impact on the growth rate as these stores generally increase revenues at a faster rate.

(4) The value of our Contract Portfolio refers to the aggregate amount of remaining payments due under our hire purchase agreements on a given date through the term of the relevant contracts in effect on such date, assuming all contracts are paid in full. These payments include, in addition to the expected instalment payments towards the retail price of the product, interest and indirect taxes, payments on the purchase of our previously offered insurance options, namely, the optional service cover and damage liability cover purchased by these customers.

Total customers

As of 28 June 2014, we had 270,300 customers, representing an increase of 3.8% compared to 260,400 customers as of 29 June 2013. This increase in the total number of customers is principally attributable to an improvement in operational conversion of demand originated online and concluded in-store, as well as the success of our sales promotions.

Average number of contracts per customer

Average number of contracts per customer marginally increased to 2.78 as of 28 June 2014 compared to 2.77 as of 29 June 2013. The limited increase is due to a consistent increase in revenue and customer numbers.

Number of stores

We did not open any new stores in the First Quarter 2014, compared to four new stores opened in the First Quarter 2013. As of 29 June 2013, we had a total of 284 stores, and as of 28 June 2014, we had a total of 286 stores. Improvements in our infrastructure, in-store processes and on-line application procedures have enhanced our ability to convert leads in-store. Our strategy to expand the customer base is to enhance customer service and demand conversion within the existing estate, to improve our E-Commerce capabilities and to launch new stores only where significant opportunities to enhance population coverage exist. Online applications for the First Quarter 2014 increased by 15.0% compared to the First Quarter 2013.

LTM like-for-like revenue

LTM like-for-like revenue for the twelve months ended 28 June 2014 increased by 5.2% compared to an increase of 9.1% for the twelve months ended 29 June 2013.

Contract Portfolio

The value of our Contract Portfolio as of 28 June 2014 was £569.5 million, representing an increase of 8.9% compared to £523.2 million as of 29 June 2013. Higher levels of demand conversion allowed for increased lending and necessitated increased investment in hire purchase asset purchases. As at 28 June 2014 we achieve a cash collection rate of approximately 71% of our Contract Portfolio. Independent forecasts indicate that our cash collection rates are consistent with previous quarters.

Discussion and Analysis of Our Consolidated Results of Operations

Results of operations for the First Quarter 2014 compared with the results of operations for the First Quarter 2013

The following table sets forth certain information with respect to our consolidated results of operations for the First Quarter 2013 and the First Quarter 2014, respectively, which have been derived from our unaudited consolidated financial statements included elsewhere herein, as well as the period on period changes (expressed in absolute terms and percentages) for the period under review.

	Restated		Change	
	For the First Quarter 2013	For the First Quarter 2014	Amount	%
(in thousands of £, except percentages)				
	(unaudited)			
Revenue	80,900	83,861	2,961	3.7
Cost of sales.....	(33,941)	(36,918)	(2,977)	(8.8)
Gross Profit	46,959	46,943	(16)	(0.0)
Operating expenses.....	(39,215)	(39,023)	192	0.5
Operating profit	7,744	7,920	176	2.3
Finance income.....	10	36	26	260.0
Finance expenses.....	(5,362)	(5,516)	(154)	(2.9)
Profit before taxation	2,392	2,440	48	2.0
Tax (charge)/credit.....	1,638	(569)	(2,207)	(134.7)
Profit for the period	4,030	1,871	(2,159)	(53.6)

Revenue

Our revenue increased by £3.0 million, or 3.7%, to £83.9 million for the First Quarter 2014 from £80.9 million for the First Quarter 2013. This increase was primarily due to an increase in instalment payments under our hire purchase agreements and increased income from our insurance products primarily attributable to a 3.8% increase in customer numbers.

Cost of sales

Our cost of sales increased by £3.0 million, or 8.8%, to £36.9 million (44.0% of revenue) for the First Quarter 2014 from £33.9 million (42.0% of revenue) for the First Quarter 2013. This increase was primarily due to increased cost of debt and increased spend on the maintenance of the asset fleet.

Cost of debt rose from £6.5 million (8.0% of revenue) to £8.7 million (10.4 % of revenue) driven by a higher level of asset losses in the First Quarter 2014. Spend on the maintenance of the asset fleet increased from £1.9 million for the First Quarter 2013 to £2.6 million for the First Quarter 2014 due to increased expenditure incurred in reducing the repair queue.

Gross profit and gross profit margin

Our gross profit of £46.9 million decreased marginally for the First Quarter 2014 from £47.0 million for the First Quarter 2013. Our gross profit margin (expressed as a percentage of revenue) decreased to 56.0% for the First Quarter 2014 from 58.0% for the First Quarter 2013. The decrease in gross profit margin was primarily a result of the factors discussed above within the cost of sales analysis.

Operating expenses

Our operating expenses decreased by £0.2 million, or 0.5%, to £39.0 million (46.5% of revenues) for the First Quarter 2014 from £39.2 million (48.5% of revenues) for the First Quarter 2013. The decrease was predominantly achieved through the tighter monitoring of staff costs despite the enlarged store base at the end of the First Quarter 2014.

Operating profit

Our operating profit increased by £0.2 million, or 2.3%, to £7.9 million for the First Quarter 2014 from £7.7 million for the First Quarter 2013. This increase was primarily due to the factors described above. Our operating

profit margin (expressed as a percentage of revenue) decreased to 9.4% for the First Quarter 2014 from 9.6% for the First Quarter 2013 due to the factors discussed above within the costs of sales analysis.

Finance expenses (net)

Our net finance expenses remained consistent quarter-on-quarter, increasing marginally by £0.1 million, or 2.4%, to £5.5 million for the First Quarter 2014 from £5.4 million for the First Quarter 2013.

Tax (charge)/credits

Our tax gain of £1.6 million for the First Quarter 2013 decreased by £2.2 million to a tax charge of £0.6 million for the First Quarter 2014. The increase in the tax charge is primarily due to the recognition of previously unrecognised tax losses in the First Quarter 2013. Our effective tax rate for the First Quarter 2014 was 23.3% compared to (68.5%) for the First Quarter 2013.

Profit for the period

Our profit for the period decreased by £2.2 million, or 53.6%, to £1.9 million for the First Quarter 2014 from £4.0 million for the First Quarter 2013 as a result of the factors described above.

Cash Flows

	Restated	
	For the First	For the First
	Quarter	Quarter
	2013	2014
(in thousands of £)		
Cash and cash equivalents at beginning of period	10,873	16,308
Net cash flow from operating activities	(1,514)	20,929
Net cash from investing activities.....	(3,299)	(1,602)
Net cash flow from financing activities.....	15,201	(17,717)
Net increase in cash and cash equivalents	10,388	1,610
Cash and cash equivalents at end of period.....	21,261	17,918

Net cash flow from operating activities

First Quarter 2014 compared to First Quarter 2013

Net cash flow from operating activities increased by £22.4 million to an inflow of £20.9 million for the First Quarter 2014 from an outflow of £1.5 million for the First Quarter 2013, primarily as a result of reduced purchases of hire purchase assets and improved working capital management.

Net cash flow from investing activities

First Quarter 2014 compared to First Quarter 2013

Net cash used in investing activities reduced from an outflow of £3.3 million for the First Quarter 2013 to an outflow of £1.6 million for the First Quarter 2014. This has been analysed in the Capital Expenditures section.

Net cash flow from financing activities

First Quarter 2014 compared to First Quarter 2013

Net cash used in financing activities decreased by £32.9 million, to an outflow of £17.7 million for the First Quarter 2014 from an inflow of £15.2 million for the First Quarter 2013. This decrease was primarily attributable to a £9 million repayment of the senior credit facility and a £8.8 million interest payment on the senior secured notes in the First Quarter 2014, as well as the net impact of the May 2013 refinancing.

Restricted cash

We are required by regulation to maintain cash reserves at our Insurance Subsidiaries relating to our insurance operations. In addition, we hold cash received as a result of voluntary overpayments by customers (generally for the purpose of application towards future payments) in segregated accounts. As of 28 June 2014 our total restricted cash was

£6.0 million compared to £12.4 million as of 29 June 2013. The decrease was attributable to lower restricted cash in the entities who supply insurance related services.

Capital Expenditures

Our capital expenditures (excluding purchase of hire purchase assets) are primarily comprised of new store fit-out expenditures, investments in our information technology systems and maintenance capital expenditure relating to refurbishment of existing stores and service centres. The following table sets out our capital expenditures for the First Quarter 2013 and the First Quarter 2014:

(in millions of £)	For the First Quarter 2013	For the First Quarter 2014
Capital expenditure on new stores ⁽¹⁾	0.9	0.1
Capital expenditure on information technology hardware	0.3	0.0
Capital expenditure on software development ⁽²⁾	0.8	1.2
Others ⁽³⁾	1.3	0.3
Total capital expenditure	<u>3.3</u>	<u>1.6</u>

- (1) Includes expenditure relating to fittings, equipment and display stock.
- (2) Includes expenditure relating to the development of infrastructure designed to permit changes to our pricing structure, including the ability to implement a variable APR.
- (3) Primarily includes maintenance capital expenditure relating to our stores and service centres, including refurbishment, new signage and similar improvements.

Total capital expenditure incurred in the First Quarter 2014 reduced by £1.7 million to £1.6 million compared to the First Quarter 2013. We did not open any new stores in the First Quarter 2014 compared to 4 new stores in the First Quarter 2013.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet financing arrangements other than operating leases for stores, vehicles and office equipment. As of 28 June 2014, the value of our Contract Portfolio, which is unrecognized and maintained off-balance sheet until instalment payments are due, was £569.5 million. This was supported by hire purchase assets, recognized on our balance sheet, underpinning our Contract Portfolio, having a net book value of £142.3 million as of 28 June 2014.

Appendix – restated quarterly consolidated financial statements

Group income statement

for the thirteen weeks ended 29 June 2013, 28 September 2013, 28 December 2013 and 31 March 2014

	<i>13 weeks ended 29 June 2013 (unaudited) £000</i>	<i>13 weeks ended 28 September 2013 (unaudited) £000</i>	<i>13 weeks ended 28 December 2013 (unaudited) £000</i>	<i>13 weeks ended 31 March 2014 (unaudited) £000</i>	<i>Year ended 31 March 2014 (audited) £000</i>
Revenue	80,900	82,770	83,704	85,926	333,300
Cost of Sales	(33,941)	(36,780)	(37,336)	(39,430)	(147,487)
Gross profit	46,959	45,990	46,368	46,496	185,813
Operating expenses	(39,215)	(37,273)	(36,380)	(33,337)	(146,205)
Operating profit	7,744	8,717	9,988	13,159	39,608
Other finance income	10	14	14	13	51
Other finance expenses	(5,362)	(5,859)	(5,860)	(5,703)	(22,784)
Profit before taxation	2,392	2,872	4,142	7,469	16,875
Tax (charge)/credit	1,638	(1,129)	(1,271)	846	84
Profit for the period	4,030	1,743	2,871	8,315	16,959

Appendix – restated quarterly consolidated financial statements

Group statement of financial position

as of 29 June 2013, 28 September 2013, 28 December 2013 and 31 March 2014

	29 June 2013 (unaudited) £000	28 September 2013 (unaudited) £000	28 December 2013 (unaudited) £000	31 March 2014 (audited) £000
Non-current assets				
Property, plant and equipment	159,229	159,868	173,111	161,690
Intangible assets	83,096	83,629	83,691	84,073
Trade and other receivables	17,568	18,564	22,783	21,739
Deferred tax assets	12,333	11,359	10,094	10,568
	<u>272,226</u>	<u>273,420</u>	<u>289,679</u>	<u>278,070</u>
Current assets				
Inventories	15,109	19,277	12,365	9,522
Trade and other receivables	39,475	39,690	45,469	46,569
Current tax receivable	2,454	–	–	–
Cash and cash equivalents	21,261	18,056	13,157	16,308
Financial assets	105	–	–	–
	<u>78,404</u>	<u>77,023</u>	<u>70,991</u>	<u>72,399</u>
Total assets	<u>350,630</u>	<u>350,443</u>	<u>360,670</u>	<u>350,469</u>
Current liabilities				
Trade and other payables	62,820	62,850	68,565	51,455
Financial liabilities	–	92	124	58
Current tax payable	–	317	572	484
	<u>62,820</u>	<u>63,259</u>	<u>69,261</u>	<u>51,997</u>
Non-current liabilities				
Financial liabilities	253,179	250,795	252,249	250,909
	<u>253,179</u>	<u>250,795</u>	<u>252,249</u>	<u>250,909</u>
Total liabilities	<u>315,999</u>	<u>314,054</u>	<u>321,510</u>	<u>302,906</u>
Net assets	<u>34,631</u>	<u>36,389</u>	<u>39,160</u>	<u>47,563</u>
Equity attributable to equity holders of the parent				
Share capital	50	50	50	50
Share premium	552	552	552	552
Capital redemption reserve	57	57	57	57
Own shares reserve	(286)	(271)	(371)	(283)
Retained reserves	34,258	36,001	38,872	47,187
	<u>34,631</u>	<u>36,389</u>	<u>39,160</u>	<u>47,563</u>

Appendix – restated quarterly consolidated financial statements

Group statement of cash flows

for the thirteen weeks ended 29 June 2013, 28 September 2013, 28 December 2013 and 31 March 2014

	<i>13 weeks ended 29 June 2013 (unaudited) £000</i>	<i>13 weeks ended 28 September 2013 (unaudited) £000</i>	<i>13 weeks ended 28 December 2013 (unaudited) £000</i>	<i>13 weeks ended 31 March 2014 (unaudited) £000</i>	<i>Year ended 31 March 2014 (audited) £000</i>
<i>Operating cash inflow before changes in working capital</i>	4,818	10,254	(1,509)	25,710	39,273
Changes in working capital	(2,567)	(8,680)	7,103	(18,704)	(22,848)
<i>Cash generated from operations</i>	2,251	1,574	5,594	7,006	16,425
Tax (paid)/received	(3,765)	2,615	249	285	(616)
<i>Net cash flow from operating activities</i>	(1,514)	4,189	5,843	7,291	15,809
<i>Net cash from investing activities</i>	(3,299)	(2,694)	(1,794)	(1,499)	(9,286)
<i>Net cash flow from financing activities</i>	15,201	(4,700)	(8,948)	(2,641)	(1,088)
<i>Net increase/(decrease) in cash and cash equivalents</i>	10,388	(3,205)	(4,899)	3,151	5,435
Cash and cash equivalents at the beginning of the period	10,873	21,261	18,056	13,157	10,873
Cash and cash equivalents at the end of the period	21,261	18,056	13,157	16,308	16,308

Key Contacts and Calendar

Key Contacts

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Finance Calendar

Details of future results releases will be made available on our website.