Registered No. 06250176

BrightHouse Group plc

Half Year Report

as of and for the twenty-six weeks ended 27 September 2014

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Operational Highlights for the Half Year 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 and twenty-six weeks ended 27 September 2014.

Key Highlights

- Increased revenue by 3.5% to £169.4 million for the Half Year 2014;
- Achieved EBITDA of £23.9 million for the Half Year 2014, an increase of 3.4% on the Half Year 2013;
- Increased the value of our Contract Portfolio to £571.7 million as of 27 September 2014, compared to £531.9 million as of 28 September 2013;
- Increased like-for-like revenue by 3.7% for the twelve months ended 27 September 2014;
- Our store portfolio totalled 289 as of 27 September 2014 compared to 286 as of 28 September 2013;
- Positive customer growth during the Half Year 2014, bringing our total number of customers to 271,100 as of 27 September 2014;
- Net cash flow from operating activities increased by £22.9 million to an inflow of £25.5 million for the Half Year 2014.

Leo McKee, Chief Executive Officer, said:

"We are pleased to report a solid set of results for the Half Year 2014, which has seen our EBITDA grow by 6.4% quarter on quarter and the continuing reduction in the cost of debt. We have continued to embrace and embed regulatory change as well as invest in strategic programmes to ensure a strong platform for longer term growth. Both the trading performance and customer growth in Q3 have been positive, providing a firm platform for peak trading."

The following table reconciles EBITDA to profit for the period for the Second Quarter 2013 and the Second Quarter 2014, as well as the Half Year 2013 and the Half Year 2014.

(in thousands of £)	**For the Second Quarter 2014**	**(Restated) For the Second Quarter 2013**	**For the Half Year 2014**	**(Restated) For the Half Year 2013**
Profit for the period	2,326	1,743	4,197	5,773
Tax charge/(credit)	756	1,129	1,325	(509)
Financial income and expenses	5,416	5,845	10,896	11,197
Depreciation of fixtures and equipment and amortization of software	3,117	3,352	6,297	6,696
Exceptional items	1,222	–	1,222	–
EBITDA	12,837	12,069	23,937	23,157

Certain Definitions

Definitions of certain terms used in this Half Year 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.

"Half Year 2013" refers to the twenty-six weeks ended 28 September 2013.

"Half Year 2014" refers to the twenty-six weeks ended 27 September 2014.

"Half Year Report" refers to this report as of and for the twenty-six weeks ended 27 September 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 $7^7/_8$% senior secured notes due 2018 issued by the Company.`

"Insurance Subsidiaries" refers to, collectively, Caversham Insurance (Malta) Limited, Caversham Holdings (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 $7^7/_8$ % 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.

"Second Quarter 2013" refers to the thirteen weeks ended 28 September 2013.

"Second Quarter 2014" refers to the thirteen weeks ended 27 September 2014.

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

"the period" and "this period" refer to the Half Year 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 Half Year Report we refer to the twenty-six weeks ended 27 September 2014 as "Half Year 2014", and the twenty-six weeks ended 28 September 2013 as "Half Year 2013." We refer to our fiscal year started 1 April 2014 ending 31 March 2015 as "Fiscal 2015."

Consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries for the twenty-six weeks ended 27 September 2014 presented in this Half Year 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 Half Year Report, we present certain non-IFRS financial measures, including EBITDA and certain related ratios. As used in this Half Year Report, the following terms have the following meanings:

We define "EBITDA" as profit for the period before financial charges, tax, and 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 Half Year 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 instalment 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 Half Year 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 Half Year 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 Half Year 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 Half Year Report for the twenty-six weeks ended 28 September 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. This has resulted in an increase in operating expenses offset by lower rental asset depreciation incurred over the life of the asset.

Consolidated Financial Statements

Group income statement

for the thirteen weeks and twenty-six weeks ended 27 September 2014

	Notes	13 weeks ended 27 September 2014 (unaudited) £000	Restated 13 weeks ended 28 September 2013 (unaudited) £000	26 weeks ended 27 September 2014 (unaudited) £000	Restated 26 weeks ended 28 September 2013 (unaudited) £000
Revenue	3	85,495	82,770	169,356	163,670
Cost of sales		(37,530)	(36,780)	(74,448)	(70,721)
Gross profit		47,965	45,990	94,908	92,949
Operating expenses		(39,467)	(37,273)	(78,490)	(76,488)
Operating profit		8,498	8,717	16,418	16,461
Analysed by:					
Depreciation of fixtures and equipment and amortisation of intangible assets		3,117	3,352	6,297	6,696
Exceptional items	2	1,222	–	1,222	–
Earnings before interest, tax, depreciation amortisation and exceptional items		12,837	12,069	23,937	23,157
Other finance income	4	97	14	88	24
Other finance expenses	4	(5,513)	(5,859)	(10,984)	(11,221)
Profit before taxation		3,082	2,872	5,522	5,264
Tax (charge) / credit	5	(756)	(1,129)	(1,325)	509
Profit for the period		2,326	1,743	4,197	5,773

The results shown above all relate to continuing activities.

Group statement of comprehensive income

for the thirteen weeks and twenty-six weeks ended 27 September 2014

	13 weeks ended 27 September 2014 (unaudited) £000	Restated 13 weeks ended 28 September 2013 (unaudited) £000	26 weeks ended 27 September 2014 (unaudited) £000	Restated 26 weeks ended 28 September 2013 (unaudited) £000
Profit for the period	2,326	1,743	4,197	5,773
Other comprehensive income for the period net of tax	–	–	–	–
Total comprehensive income for the period net of tax	2,326	1,743	4,197	5,773

Group statement of financial position

as of 27 September 2014

	Notes	27 September 2014 (unaudited) £000	Restated 28 September 2013 (unaudited) £000
Non-current assets			
Property, plant and equipment	6	158,478	159,868
Intangible assets	7	83,876	83,629
Trade and other receivables	10	23,262	18,564
Deferred tax assets	8	9,587	11,359
		275,203	273,420
Current assets			
Inventories	9	19,045	19,277
Trade and other receivables	10	52,068	39,690
Cash and cash equivalents	11	19,342	18,056
Financial assets	13	4	–
		90,459	77,023
Total assets		365,662	350,443
Current liabilities			
Trade and other payables	12	68,826	62,850
Financial liabilities	13	–	92
Current tax payable		452	317
		69,278	63,259
Non-current liabilities			
Financial liabilities	13	244,587	250,795
		244,587	250,795
Total liabilities		313,865	314,054
Net assets		51,797	36,389
Equity attributable to equity holders of the parent			
Share capital	14	50	50
Share premium		552	552
Capital redemption reserve		57	57
Own shares reserve		(246)	(271)
Retained earnings		51,384	36,001
Total equity		51,797	36,389

Group statements in changes of equity

for the twenty-six weeks ended 27 September 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 (as previously reported)	9	6,592	(286)	35,502	57	41,874
Prior year adjustment (see note 1)	–	–	–	(6,176)	–	(6,176)
As of 1 April 2013	9	6,592	(286)	29,326	57	35,698
Profit for the period (restated)	–	–	–	5,773	–	5,773
Issue of shares to employees (net)	–	–	15	–	–	15
Bonus issue of shares	41	(41)	–	–	–	–
Share premium reduction	–	(5,999)	–	5,999	–	–
Equity dividends paid	–	–	–	(5,097)	–	(5,097)
					–	
As of 28 September 2013	50	552	(271)	36,001	57	36,389
As of 1 April 2014	50	552	(283)	47,187	57	47,563
Profit for the period	–	–	–	4,197	–	4,197
Issue of shares to employees (net)	–	–	37	–	–	37
As of 27 September 2014	50	552	(246)	51,384	57	51,797

Group statement of cash flows

for the thirteen weeks and twenty-six weeks ended 27 September 2014

	Notes	13 weeks ended 27 September 2014 (unaudited) £000	Restated 13 weeks ended 28 September 2013 (unaudited) £000	26 weeks ended 27 September 2014 (unaudited) £000	Restated 26 weeks ended 28 September 2013 (unaudited) £000
Cash flows from operating activities					
Profit for the period		2,326	1,743	4,197	5,773
Adjustments for:					
Sales proceeds from sales of rental assets		651	753	1,309	1,473
Depreciation		26,122	27,178	51,797	53,752
Amortisation of intangible assets		1,287	1,291	2,570	2,516
Financial income		(97)	(14)	(88)	(24)
Financial expense		5,513	5,859	10,984	11,221
Profit on rental assets sold to customers		(823)	(298)	(985)	(648)
Rental assets written off as obsolete or not recoverable from defaulting customers		6,288	5,321	12,500	9,880
Purchase of rental assets		(31,418)	(32,708)	(59,553)	(68,362)
Taxation		756	1,129	1,325	(509)
Operating cash inflow before changes in working capital		10,605	10,254	24,056	15,072
(Increase) / decrease in trade and other receivables		(1,716)	(1,362)	(6,109)	746
Decrease / (increase) in inventories		626	(4,168)	(9,523)	(10,412)
(Decrease) / increase in trade and other payables		(4,519)	(3,150)	17,501	(1,581)
Cash generated from operations		4,996	1,574	25,925	3,825
Tax (paid) / received		(376)	2,615	(376)	(1,150)
Net cash flow from operating activities		4,620	4,189	25,549	2,675
Cash flows from investing activities					
Interest received		13	14	26	24
Purchase of property, plant and equipment		(1,402)	(884)	(1,855)	(2,898)
Payments to acquire intangible assets		(1,211)	(1,824)	(2,373)	(3,119)
Net cash from investing activities		(2,600)	(2,694)	(4,202)	(5,993)
Cash flows from financing activities					
Issue of new 10% loan stock		–	–	–	26,640
New senior credit facility		(500)	(3,500)	(9,500)	11,500
Repayment of revolving credit facility		–	–	–	(74,487)
Repayment of unsecured loan stock		–	–	–	(153,906)
Interest paid		(96)	(152)	(8,847)	(5,069)
Loan arrangement fees / financing costs		–	(1,063)	–	(9,095)
Issue of senior secured notes		–	–	–	220,000
Equity dividends paid		–	–	–	(5,097)
Proceeds from sale of shares by EBT		–	15	34	15
Net cash flow from financing activities		(596)	(4,700)	(18,313)	10,501
Net increase / (decrease) in cash and cash equivalents		1,424	(3,205)	3,034	7,183
Cash and cash equivalents at the beginning of the period		17,918	21,261	16,308	10,873
Cash and cash equivalents at the end of the period	11	19,342	18,056	19,342	18,056

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

1. Accounting policies and basis of preparation

This Half Year report contains condensed consolidated financial information of BrightHouse Group plc for the thirteen weeks ended 27 September 2014 and the twenty-six weeks ended 27 September 2014. The unaudited Half Year 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 31 March 2014. This financial information should be read in conjunction with the consolidated financial statements of BrightHouse Group plc for the year ended 31 March 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 Half Year Report for the twenty-six weeks ended 28 September 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. This has resulted in an increase in operating expenses offset by lower rental asset depreciation incurred over the life of the asset.

2. Exceptional items

Recognised as part of operating profit

	13 weeks ended 27 September 2014 (unaudited) £000	*13 weeks ended 28 September 2013 (unaudited) £000*	*26 weeks ended 27 September 2014 (unaudited) £000*	*26 weeks ended 28 September 2013 (unaudited) £000*
Exceptional items	1,222	–	1,222	–

The exceptional items incurred in the Second Quarter 2014 relate to non-recurring expenditure on strategic projects.

3. 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.

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

4. Finance income and expenses

Recognised in the income statement

	13 weeks ended 27 September 2014 (unaudited) £000	*13 weeks ended 28 September 2013 (unaudited) £000*	*26 weeks ended 27 September 2014 (unaudited) £000*	*26 weeks ended 28 September 2013 (unaudited) £000*
Interest income	13	14	26	24
Fair value gains on forward foreign exchange contracts	39	–	62	–
Unwinding of discount re: trade receivables due after more than 1 year	45	–	–	–
Finance income	97	14	88	24

	13 weeks ended 27 September 2014 (unaudited) £000	*13 weeks ended 28 September 2013 (unaudited) £000*	*26 weeks ended 27 September 2014 (unaudited) £000*	*26 weeks ended 28 September 2013 (unaudited) £000*
Interest expense	5,513	5,612	10,964	10,796
Unwinding of discount re: trade receivables due after more than 1 year	–	50	20	153
Fair value losses on forward foreign exchange contracts	–	197	–	272
Finance expenses	5,513	5,859	10,984	11,221

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

5. Income tax

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

	13 weeks ended 27 September 2014 (unaudited) £000	*Restated 13 weeks ended 28 September 2013 (unaudited) £000*	*26 weeks ended 27 September 2014 (unaudited) £000*	*Restated 26 weeks ended 28 September 2013 (unaudited) £000*
Current tax:				
Corporation tax charge UK	219	–	219	–
Corporation tax charge overseas	57	156	125	314
Total current income tax	276	156	344	314
Deferred tax:				
Deferred tax charge / (credit)	480	973	981	(823)
Total deferred tax charge / (credit)	480	973	981	(823)
Total income taxation in income statement	756	1,129	1,325	(509)

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

6. Property, plant and equipment

	Rental assets (unaudited) £000	*Fixtures, equipment and vehicles (unaudited) £000*	*Total (unaudited) £000*
Cost:			
As of 1 April 2013 (restated)	172,457	47,440	219,897
Additions (restated)	68,362	2,898	71,260
Disposals	(51,739)	–	(51,739)
As of 28 September 2013	189,080	50,338	239,418
As of 1 April 2014	192,384	50,734	243,118
Additions	59,553	1,855	61,408
Disposals	(61,647)	–	(61,647)
As of 27 September 2014	190,290	52,589	242,879
Depreciation:			
As of 1 April 2013 (restated)	41,265	25,567	66,832
Depreciation charge for the period (restated)	49,572	4,180	53,752
Disposals	(41,034)	–	(41,034)
As of 28 September 2013	49,803	29,747	79,550
As of 1 April 2014	47,702	33,726	81,428
Depreciation charge for the period	48,070	3,727	51,797
Disposals	(48,824)	–	(48,824)
As of 27 September 2014	46,948	37,453	84,401
Net book value:			
As of 27 September 2014	143,342	15,136	158,478
As of 1 April 2014	144,682	17,008	161,690
As of 28 September 2013	139,277	20,591	159,868
As of 1 April 2013	131,192	21,873	153,065

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

7. Intangible assets

	Software (unaudited) £000	*Goodwill (unaudited) £000*	*Total (unaudited) £000*
Cost:			
As of 1 April 2013	36,437	74,978	111,415
Additions	3,119	–	3,119
As of 28 September 2013	39,556	74,978	114,534
As of 1 April 2014	42,480	74,978	117,458
Additions	2,373	–	2,373
As of 27 September 2014	44,853	74,978	119,831
Amortisation:			
As of 1 April 2013	28,389	–	28,389
Amortisation charge for the period	2,516	–	2,516
As of 28 September 2013	30,905	–	30,905
As of 1 April 2014	33,385	–	33,385
Amortisation charge for the period	2,570	–	2,570
As of 27 September 2014	35,955	–	35,955
Net book value:			
As of 27 September 2014	8,898	74,978	83,876
As of 1 April 2014	9,095	74,978	84,073
As of 28 September 2013	8,651	74,978	83,629
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 and twenty-six weeks ended 27 September 2014

8. Deferred tax assets and liabilities

	27 September 2014 (unaudited) £000	*Restated 28 September 2013 (unaudited) £000*
Assets:		
Tax losses recognised	2,369	6,225
Foreign forward exchange contracts	(1)	21
Unrealised profit on intercompany trading	311	1,342
Other property, plant and equipment	6,595	3,387
Capital contributions on lease incentives	313	384
Total tax assets	9,587	11,359

9. Inventories

	27 September 2014 (unaudited) £000	*28 September 2013 (unaudited) £000*
Goods held for resale at cost	19,045	19,277

During the period assets acquired for resale amounting to £59,553,000 (2013 – £68,362,000) were capitalised within property, plant and equipment as rental assets when issued to stores in advance of being hired to customers pursuant to hire purchase agreements.

10. Trade and other receivables

	27 September 2014 (unaudited) £000	*Restated 28 September 2013 (unaudited) £000*
Current:		
Trade receivables	4,196	2,118
Other trade receivables and prepayments	17,108	11,656
Other non-trade receivables	374	772
VAT incurred in advance of recovery from customers	30,390	25,144
	52,068	39,690

	27 September 2014 (unaudited) £000	*28 September 2013 (unaudited) £000*
Non current:		
VAT incurred in advance of recovery from customers	21,093	17,911
Other trade receivables and prepayments	1,237	653
Other non-trade receivables	932	–
	23,262	18,564

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

10. 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 £21,093,000 (2013 – £17,911,000) 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 £1,328,000 (2013 – £1,187,000) 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:

	27 September 2014 (unaudited) £000	*28 September 2013 (unaudited) £000*
1-7 days	82	77
8-14 days	81	75
15-45 days	307	256
46-90 days	10	9
	480	417

Movements in bad debt provision

	27 September 2014 (unaudited) £000	*28 September 2013 (unaudited) £000*
At beginning of period	1,192	856
Amounts written off as uncollectable	(6,892)	(5,767)
Increase in bad debt provision	7,028	6,098
At end of period	1,328	1,187

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

11. Cash and cash equivalents

	27 September 2014 (unaudited) £000	*28 September 2013 (unaudited) £000*
Cash and cash equivalents per balance sheet and cash flow statement	19,342	18,056

Cash and cash equivalents comprise cash at bank and in hand. Included within cash and cash equivalents is restricted cash of £5,270,000 (2013 – £7,162,000). This includes restricted cash of £4,551,000 (2013 – £6,112,000) 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 £719,000 (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 and twenty-six weeks ended 27 September 2014

12. Trade and other payables

	27 September 2014 (unaudited) £000	Restated 28 September 2013 (unaudited) £000
Trade payables	28,958	22,142
Other taxes and social security	4,149	6,432
Other non-trade payables	613	708
Accrued expenses	28,655	26,762
Accrued interest	6,451	6,806
	68,826	62,850

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.

13. Financial assets and liabilities

	27 September 2014 (unaudited) £000	28 September 2013 (unaudited) £000
Current assets:		
Foreign currency forward contracts	4	–
	4	–
Current liabilities:		
Foreign currency forward contracts	–	92
	–	92
Non-current liabilities:		
Senior credit facility	–	10,318
Unsecured 10% loan stock issued to related parties	30,340	27,684
Senior secured notes	214,247	212,793
	244,587	250,795

As of 27 September 2014, the senior credit facility includes a drawdown of £nil (2013 – £11,500,000) less fees incurred on the new debt facility of £932,000 (2013 - £1,182,000). The senior secured notes include an issue of £220 million (2013 – £220 million) less fees incurred on the new debt facility of £5,753,000 (2013 - £7,207,000). 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 £3,700,000 (2013 – £1,044,000) 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 and twenty-six weeks ended 27 September 2014

13. 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 27 September 2014 the Group had undrawn committed facilities available to it of £24.5 million (2013 – £13.0 million), in respect of which all conditions precedent had been met and all covenants complied with.

14. Share capital

	27 September 2014 (unaudited)		*28 September 2013 (unaudited)*	
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
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	–
H Ordinary shares of £500 each	1	1	1	1
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. '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: 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.

Notes to Group financial statements

as of and for the thirteen weeks and twenty-six weeks ended 27 September 2014

14. Share capital (continued)

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 twenty-six weeks ended 27 September 2014 and the accompanying notes included elsewhere in this Half Year 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 Half Year 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 Half Year 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 Half Year 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 Half Year 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 Half Year 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 Half Year 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 289 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% – 97.9% 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 Singe 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 twenty-six weeks ended 27 September 2014	**As of and for the twenty-six weeks ended 28 September 2013**
Summary Statistical and Operating Data		
Customer Data		
Total customers[(1)]	271.1	273.5
Average number of contracts per customer[(2)]	2.79	2.71
Stores		
Number of stores	289	286
LTM like-for-like revenue growth (%)[(3)]	3.7	8.0
Contract Portfolio (in millions of £)[(4)]	571.7	531.9

(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 27 September 2014, we had 271,100 customers, representing a decrease of 0.9% compared to 273,500 customers as of 28 September 2013. This decrease in the total number of customers is principally attributable to the high level of customer growth experienced in 2013/14 and the subsequent terminations. The Group has successfully prioritised a reduction in the cost of debt during the Half Year 2014. In the Half Year 2014, the number of net customers increased by 462. We have achieved 791 net customer acquisitions in the Second Quarter with this success continuing into the Third Quarter as a result of our TV advertising campaign and improved window messaging.

Average number of contracts per customer

Average number of contracts per customer increased to 2.79 as of 27 September 2014 compared to 2.71 as of 28 September 2013. The increase of this metric is primarily due to the decreased total customers in Half Year 2014, and the focus on retaining proven creditworthy customers with additional agreements.

Number of stores

We opened 3 new stores in the Half Year 2014, compared to 6 new stores opened in the Half Year 2013. As of 28 September 2013, we had a total of 286 stores, and as of 27 September 2014, we had a total of 289 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 remains 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 Half Year 2014 increased by 12.8% compared to the Half Year 2013.

LTM like-for-like revenue

LTM like-for-like revenue for the twelve months ended 27 September 2014 increased by 3.7% compared to an increase of 8.0% for the twelve months ended 28 September 2013.

Contract Portfolio

The value of our Contract Portfolio as of 27 September 2014 was £571.7 million, representing an increase of 7.5% compared to £531.9 million as of 28 September 2013. Higher levels of demand conversion allowed for increased lending and necessitated increased investment in hire purchase asset purchases. As at 27 September 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 Half Year 2014 compared with the results of operations for the Half Year 2013

The following table sets forth certain information with respect to our consolidated results of operations for the Half Year 2013 and the Half Year 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.

(in thousands of £, except percentages)	For the Second Quarter 2014	(Restated) For the Second Quarter 2013	For the Half Year 2014	(Restated) For the Half Year 2013
	(unaudited)		(unaudited)	
Revenue	**85,495**	**82,770**	**169,356**	**163,670**
Cost of sales	(37,530)	(36,780)	(74,448)	(70,721)
Gross Profit	**47,965**	**45,990**	**94,908**	**92,949**
Operating expenses	(39,467)	(37,273)	(78,490)	(76,488)
Operating profit	**8,498**	**8,717**	**16,418**	**16,461**
Finance income	97	14	88	24
Finance expenses	(5,513)	(5,859)	(10,984)	(11,221)
Profit before taxation	**3,082**	**2,872**	**5,522**	**5,264**
Tax (charge)/credit	(756)	(1,129)	(1,325)	509
Profit for the period	**2,326**	**1,743**	**4,197**	**5,773**

Revenue

Our revenue increased by £5.7 million, or 3.5%, to £169.4 million for the Half Year 2014 from £163.7 million for the Half Year 2013. This increase was primarily due to an increase in instalment payments under our hire purchase agreements primarily attributable to an increase in the average number of contracts per customer.

Cost of sales

Our cost of sales increased by £3.7 million, or 5.3%, to £74.4 million (44.0% of revenue) for the Half Year 2014 from £70.7 million (43.2% of revenue) for the Half Year 2013. This increase was primarily due to increased cost of debt and increased spend on the maintenance of rental assets.

Cost of debt rose from £14.9 million (9.1% of revenue) to £17.1 million (10.1 % of revenue) driven by a higher level of asset losses in the Half Year 2014. The cost of debt as a % of revenue has decreased from 10.4% in the First Quarter 2014 to 9.8% in the Second Quarter 2014. Increased spend on rental asset maintenance from £4.1 million for the Half Year 2013 to £5.0 million for the Half Year 2014 due to increased expenditure incurred in reducing the repair queue.

Gross profit and gross profit margin

Our gross profit increased by £2.0 million, or 2.1%, to £94.9 million for the Half Year 2014 from £92.9 million for the Half Year 2013. Our gross profit margin (expressed as a percentage of revenue) decreased to 56.0% for the Half Year 2014 from 56.8% for the Half Year 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 increased by £2.0 million, or 2.6%, to £78.5 million (46.3% of revenues) for the Half Year 2014 from £76.5 million (46.7% of revenues) for the Half Year 2013. The increase was predominantly due to the exceptional costs incurred in the Second Quarter 2014 relating to non-recurring expenditure on strategic projects.

Operating profit

Our operating profit remained consistent reducing slightly to £16.4 million for the Half Year 2014. This was primarily due to the factors described above. Our operating profit margin (expressed as a percentage of revenue) decreased to 9.7% for the Half Year 2014 from 10.1% for the Half Year 2013 due to the factors discussed above within the costs of sales and operating expenses analysis.

Finance expenses (net)

Our net finance expenses decreased by £0.3 million, or 2.7%, to £10.9 million for the Half Year 2014 from £11.2 million for the Half Year 2013. This decrease was primarily due to a reduced drawdown of the senior credit facility attributable to a strong cash flow performance in the Half Year 2014.

Tax (charge)/credits

Our tax gain of £0.5 million for the Half Year 2013 decreased by £1.8 million to a tax charge of £1.3 million for the Half Year 2014. The increase in the tax charge is primarily due to the recognition of previously unrecognised tax losses in the Half Year 2013. Our effective tax rate for the Half Year 2014 was 24.0% compared to (9.7%) for the Half Year 2013.

Profit for the period

Our profit for the period decreased by £1.6 million, or 27.3%, to £4.2 million for the Half Year 2014 from £5.8 million for the Half Year 2013 as a result of the factors described above.

(in thousands of £)	**For the Second Quarter 2014**	**(Restated) For the Second Quarter 2013**	**For the Half Year 2014**	**(Restated) For the Half Year 2013**
Cash and cash equivalents at beginning of period	17,918	21,261	16,308	10,873
Net cash flow from operating activities	4,620	4,189	25,549	2,675
Net cash from investing activities	(2,600)	(2,694)	(4,202)	(5,993)
Net cash flow from financing activities	(596)	(4,700)	(18,313)	10,501
Net increase / (decrease) in cash and cash equivalents	1,424	(3,205)	3,034	7,183
Cash and cash equivalents at end of period	**19,342**	**18,056**	**19,342**	**18,056**

Net cash flow from operating activities

Half Year 2014 compared to Half Year 2013

Net cash flow from operating activities increased by £22.9 million to an inflow of £25.5 million for the Half Year 2014 from an inflow of £2.7 million for the Half Year 2013, primarily as a result of reduced purchases of hire purchase assets and improved working capital management.

Net cash flow from investing activities

Half Year 2014 compared to Half Year 2013

Net cash used in investing activities reduced from an outflow of £6.0 million for the Half Year 2013 to an outflow of £4.2 million for the Half Year 2014. This has been analysed in the Capital Expenditures section.

Net cash flow from financing activities

Half Year 2014 compared to Half Year 2013

Net cash flow from financing activities decreased by £28.8 million, to an outflow of £18.3 million for the Half Year 2014 from an inflow of £10.5 million for the Half Year 2013. This decrease was primarily attributable to a £9.5 million repayment of the senior credit facility and a £8.8 million interest payment on the senior secured notes in the Half Year 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 27 September 2014 our total restricted cash was £5.3 million compared to £7.2 million as of 28 September 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 capital expenditure relating to refurbishment of existing stores and service centres. The following table sets out our capital expenditures for the Half Year 2013 and the Half Year 2014:

(in millions of £)	**For the Second Quarter 2014**	**For the Second Quarter 2013**	**For the Half Year 2014**	**For the Half Year 2013**
Capital expenditure on new stores[1]	0.6	0.1	0.7	1.0
Capital expenditure on information technology hardware	–	0.1	–	0.4
Capital expenditure on software development[2]	1.2	2.3	2.4	3.1
Others[3]	0.8	0.2	1.1	1.5
Total capital expenditure	**2.6**	**2.7**	**4.2**	**6.0**

(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 capital expenditure relating to our stores and service centres, including refurbishment, new signage and similar improvements.

Total capital expenditure incurred in the Half Year 2014 reduced by £1.8 million to £4.2 million compared to the Half Year 2013. We opened three new stores in the Half Year 2014, compared to six new stores in the Half Year 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 27 September 2014, the value of our Contract Portfolio, which is unrecognized and maintained off-balance sheet until instalment payments are due, was £571.7 million. This was supported by hire purchase assets, recognized on our balance sheet, underpinning our Contract Portfolio, having a net book value of £143.3 million as of 27 September 2014.

Group income statement

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

	13 weeks ended 29 June 2013 (unaudited) £000	*13 weeks ended 28 September 2013 (unaudited) £000*	*13 weeks ended 28 December 2013 (unaudited) £000*	*13 weeks ended 31 March 2014 (unaudited) £000*	*Year ended 31 March 2014 (audited) £000*
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
	272,226	273,420	289,679	278,070
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	–	–	–
	78,404	77,023	70,991	72,399
Total assets	350,630	350,443	360,670	350,469
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
	62,820	63,259	69,261	51,997
Non-current liabilities				
Financial liabilities	253,179	250,795	252,249	250,909
	253,179	250,795	252,249	250,909
Total liabilities	315,999	314,054	321,510	302,906
Net assets	34,631	36,389	39,160	47,563
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
	34,631	36,389	39,160	47,563

Group statement of cash flows

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

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