Interim Results

Released : 19 Nov 2015

RNS Number : 2275G
Poundland Group PLC
19 November 2015

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Half Year Results for the six months ended 27 September 2015

99p Stores' incremental EBITDA of at least £25 million already identified

UK & Ireland store target raised by 40% to 1,400 stores

Financial Highlights

Underlying Results

- Sales +5.6% on a constant currency basis
- Like-for-like sales -2.8% (2014: +4.7 %) on a constant currency basis
- Underlying EBITDA -18.5% to £16.8 million (2014: £20.7 million)
- Underlying pre-tax profits -26.3 % to £9.3 million (2014: £12.6 million)
- Underlying diluted EPS -25.8% to 2.85p (2014: 3.84p)

Statutory Results*

- Total sales +6.2% to £561.1 million (2014: £528.2 million)
- Pre-tax profits -43.5% to £5.3 million (2014: £9.3 million)*
- Diluted EPS -47.0% to 1.51p (2014: 2.85p)
- Net funds of £66.1 million (2014: net debt of £4.4 million)
- Interim dividend increased by 10% to 1.65p per share (2014: 1.5p)

Operational Highlights

- Transformational acquisition of 99p Stores
- Incremental EBITDA opportunity of at least £25 million already identified
- Conversion of 99p Stores accelerated with vast majority converted by April 2016
- Early sales from converted stores encouraging
- 52 net new stores, growing the estate in UK & Ireland to 640 stores (2014: 557)
- 30 stores opened in September
- Increased UK & Ireland store target from 1,070 to 1,400
- Accelerating roll out in Ireland and increasing Dealz store target from 70 to 100
- Tenth Dealz trial store will shortly open in Spain, completing four location types
- Like-for-like sales growth at Torremolinos strong since September

* after non-underlying items

Darren Shapland, Chairman of Poundland, said:

"We traded through the first half against an exceptional period last year. We opened a net new 52 shops in the half and are well placed for our critical third quarter, in addition 99p Stores will be an excellent accretive acquisition."

Jim McCarthy, Chief Executive of Poundland, said:

"The 99p Stores acquisition is a transformational deal for us, adding the equivalent of five years of UK organic growth and 40% to our store numbers in one go. The early sales uplifts from the first converted stores are very encouraging and we now plan to accelerate the conversion programmes so that the vast majority of 99p Stores will be converted by the end of April 2016. We're confident of achieving at least £25 million of incremental EBITDA from the acquisition and we are now increasing our UK & Ireland store target from 1,070 to 1,400 stores.

"The sales comparables in the second half are softer and our Christmas range is our best ever. However, we have seen highly volatile trading conditions so far in the third quarter. The quarter's performance therefore depends more than ever upon the last six weeks' trading towards Christmas.'

Results Presentation

A presentation for analysts and investors will be held today at 9am. Please use the following conference call details to listen to the presentation:

Dial in: +44 (0) 20 3003 2666 Password: Poundland

We plan to announce our Q3 sales update for the three months ended 27 December 2015, on 7 January 2016.

For further information please contact

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GUIDANCE FOR FY 2016

Store pipeline: We expect to open a net 70 new stores in the UK & Ireland in the financial year.

FX: At current exchange rates, FX impact on EBITDA is estimated to be £(4) million to £(5) million.

Profit phasing: As usual, we expect a better H2 due to Halloween and Christmas and the strength of our store opening programme in H1 and softer sales comparables in H2.

Non underlying charges: Trial store costs in Spain are expected to be in the range £2.5 million to £3.0 million. In relation to 99p Stores, we expect non-underlying charges of £10.0 million to £12.0 million and EBITDA losses in H2 of £6.0 million to £8.0 million.

Capital investment: Capital investment for the full year for our core business and Spain is expected to be higher than last year at around £25.0 million, due to the greater number of store openings, accelerated investment in productivity opportunities and investment in new software for our new distribution centre which is planned to open in July 2016. In addition, we expect to spend around £12 million as we convert the vast majority of the 99p Stores estate to the Poundland format by the end of April 2016.

99P STORES

Following the Competition Market Authority's approval of our 99p Stores' acquisition without any remedies on 19 September 2015, it was completed on 28 September 2015. This is a transformational transaction for us, allowing us to deliver five years' UK organic growth in one go, adding 40% to our store base, while enhancing our organic growth opportunity. It is good for consumers and for all of our stakeholders. We will generate substantial incremental EBITDA from the transaction through sales uplifts at the acquired stores, economies of scale and from the generation of substantial margin and other cost benefits.

The acquisition significantly enhances our UK store portfolio, especially in the South of England, where Poundland has historically been under-represented. We now have almost 900 stores across the UK and Ireland, including 130 stores within the M25, currently more than all of the other five major value general merchandise retailers combined.

The acquisition includes a larger store format, which trades under the Family Bargains We also plan to use these stores as a trial for a new multi price format. Our plans are at an early stage and we expect to be trialling a number of these stores during Q1 FY 2016.

Terms and funding of the acquisition

On 28 September 2015, the Company acquired 99p Stores Limited for £55 million, including cash consideration of approximately £51.5 million and the issue of 844,654 new Poundland Group PLC shares at a price of 296.46p per share. We plan to fund the conversion and one-off restructuring costs through utilising our extended Revolving Credit Facilities, which have increased from £55 million to £95 million.

The acquisition structure gives us a robust balance sheet, enabling us to overcome the challenges of rapid conversion and restructuring of the acquired portfolio, whilst giving us the flexibility to exploit any further opportunities that may emerge such as investing in efficiencies to counter the impact of the National Living Wage as well as opportunities that may arise in Europe.

The 99p Stores' portfolio

The acquisition of 99p Stores is essentially an asset deal, acquiring 252 stores. We plan to convert these assets to the Poundland format at pace.

Since FY 2013, 99p Stores' performance has suffered from a combination of a lack of investment in infrastructure as well as poor execution of its strategic plan. During the longer than anticipated CMA process, the business suffered a further reduction in sales following a withdrawal of credit insurance, which in turn reduced stock in stores and resulted in a further downward spiral in sales. We remain absolutely confident that the strategic and financial rationale for the acquisition remains very attractive.

Since we acquired 99p Stores, credit insurance has been reinstated and we have improved the level of stock in the business. Nevertheless, it has a shortage of imported seasonal stock and we forecast that 99p Stores (both converted and unconverted stores) will lose £6 million to £8 million of EBITDA in H2. We have therefore accelerated the conversion process and we now plan to convert the vast majority of the acquired portfolio to the Poundland format by the end of April 2016.

Incremental EBITDA opportunity

We have already identified incremental EBITDA of at least £25 million, as we transfer the 99p Stores portfolio to the Poundland estate. We expect these to be generated from two main areas:

(1) Improving the sales performance

We will improve the sales from the acquired portfolio, as we convert to the Poundland format. This will be driven by our superior product offer and range, from our strong value differential in core FMCG products, from better customer service and from improved stock availability, due to our more advanced logistics and systems.

(2) The benefits of being part of a larger group

We will generate substantial economies of scale as the addition of 252 stores and well over £300 million of sales increases our importance to the global supplier base and provides us with opportunities to buy greater volume at lower cost across our 17 different product categories. The addition of 252 stores also dilutes our cost base significantly.

Although it is still early in the conversion process, we are very confident that the benefits accruing from this deal will be considerable and we are encouraged that our early experience reinforces this view.

Restructuring costs

There will be restructuring costs associated with the conversion of 99p Stores' business to Poundland. These include capital expenditure, which represents the cost of store conversions and also some other costs, including establishing an integration team, the costs of re-branding, support costs, lease write-downs as well as trading losses. We estimate that the capital cash costs of conversion will be around £14 million and the conversion P&L costs will be around £25 million.

The table below summarises the costs, expected benefits and timeline of the 99p Stores acquisition.

The 99p Stores numbers	FY 2016	FY 2017	Total
Acquisition cost (£m)			55.0

Capital expenditure (£m)	12.0	2.0	14.0
Total cash cost (£m)			69.0
Incremental EBITDA (£m)			At least 25.0
ROCE (%)			>36.0
Payback			Three years
Non-underlying conversion P&L costs (£m)	11.0	14.0	25.0
All in cost (£m)			94.0
ROCE (%)			>27.0
Payback			Four years
Year earn above our cost of capital (£m)			In FY 2017

CHIEF EXECUTIVE'S REVIEW

We have continued to enthusiastically pursue our strategy outlined at the IPO last year:

1. Continue to satisfy consumers' appetite for amazing value every day
2. Meet this demand by aggressively expanding our store portfolio, especially in the under-represented South of England & Ireland
3. Further develop our Dealz brand in Ireland
4. Develop our Dealz format in Europe through our 10 store trial in Spain
5. We have launched our transactional website in order to exploit a channel which consumers are finding increasingly convenient

We expanded our presence in the UK and Ireland with the opening of 57 stores in total which, after store closures, associated with the end of leases and the closure of temporary stores, resulted in 52 net new stores. This took our overall estate in the UK & Ireland at the half year to 640 stores.

In line with our property strategy, we grew our Retail Park stores from 72 at this stage last year to 111. In Ireland, we opened 7 new stores, taking our Dealz store estate to a total of 48 stores.

In September, we launched our trial transactional website, poundland.co.uk. It is available, throughout the UK. Poundland's transactional site offers around 2,000 SKUs - broadly half of the range of our stores. The website includes a Shopping Made Easy feature, which includes categories aimed at customers with particular shopping missions in mind. Initial themes include Birthday Parties & Celebrations, Office, New Home Starter, Hen Night and Wedding Party.

Our interim results - which show an underlying pretax profit decline of 26% to £9.3 million - reflect the fact that the first half of the last financial year was, as we have previously outlined, an exceptional period, due mainly to a combination of a late Easter and the impact of the loom bands craze. In addition, in H1 this year, we have been impacted by higher pre-opening costs and adverse currency movements. Therefore, the position at the end of the first half is in line with our expectations. However, the industry is more competitive than ever as we enter our critical third quarter in which we traditionally generate over 50% of our EBITDA.

Following the success of our Jane Asher Kitchen range last year, we launched our second celebrity-endorsed range in April with Tommy Walsh's DIY-time products. This has been extremely successful. Sales have been strong and customer reaction is very positive.

Poundland's product development has been recognised by the industry. We won Discounter of the Year at the Retail Industry Awards Dinner in September. We were also delighted that Make Up Gallery - which was launched in October last year - won first prize in '*The Grocer Gold*' for the best own label launch of the year 2015.

For Halloween we had around 60 new lines including Halloween balloons, a complete range of family-friendly 'blood and gore' products with dress up and home decoration range. We achieved double digit LFL sales increases following a similar performance last year.

This Christmas, we have our best ever range, with many new lines, including real glass tree decorations, cushions and novelties. 80% of the Christmas range has either been refreshed, or is new.

We have also launched an exclusive Frozen range of decorations and children's gifting, available from September right through to Christmas Eve.

We intend to continue to further strengthen our presence across all of our markets, with additional new store openings during the remainder of the year. We expect to open another 18 new stores net in the UK & Ireland and, notwithstanding the planned rapid integration of 99p Stores, we will open at least 60 net new stores in the next financial year. We are accelerating the roll out of our Dealz stores in Ireland where we expect to open 20 stores next year.

Store growth target increased in the UK & Ireland

We are today updating our store targets for the UK & Ireland, following the acquisition of 99p Stores. Our original target of 1,000 stores in the UK and 70 stores in Ireland was based on external research, which identified substantially more locations. We are today increasing our store growth target to 1,400 stores in the UK and Ireland. We are moving at a faster pace in terms of Irish store openings in our next financial year, with 20 stores planned.

To support these ambitious growth plans we are building a new distribution centre at Wigan in the North West of England which is scheduled to open next July.

Spain

Following the success of the Dealz brand in Ireland and extensive research across many European markets, we made the decision to enter Spain in a low cost, low risk, two year trial in 2014. The trial aimed to open 10 stores over two years, whilst we develop and refine our economic and operational model to best suit the Spanish consumers' requirements. We opened our first store in Torremolinos in July 2014 and since then we have added a further eight stores, including four in Madrid. We have trialled three location types and our first shopping centre location - and the tenth store of the trial - opens in late November. This store is located in Madrid and the centre is anchored by Primark.

A large proportion of our UK general merchandise range meets the demands of Spanish customers. We have made great progress in developing further our local sourcing capability and our offer. We now source around 30% by sales of our goods locally, compared with 20% only a few months ago.

We have invested and further strengthened our Spanish trading team to deliver even more locally-sourced products, which are so important to Spanish customers.

Torremolinos, our first Spanish store is now 'like-for-like' and has generated strong LFL sales growth. This is highly encouraging, as it follows the pattern of strong year two and year three sales growth in Dealz Ireland, gives us confidence that we can build the Dealz brand throughout Spain.

We remain confident in the potential for our Spanish ambitions. We will continue to refine the consumer, economic and operational models. We will update the market further at the time of our preliminary results in June next year, shortly before the second anniversary of our first store opening.

Exchange rates

The weakness of the Euro over the last 12 months has been a challenge for us. Last year, the exchange rate was €1.24 in the first half, compared to an average of €1.39 in the first half this year. We are working hard to minimise the risk by hedging our exposure and by increasing purchases in Euros. Notwithstanding the FX challenge, we are accelerating the roll out of Dealz in Ireland.

The National Living Wage

New National Living Wage ('NLW') legislation requires employers to pay £9.00 per hour by 2020 with the first stage increase effective April 2016, when it rises to £7.20 per hour. Naturally, this impacts on our cost base.

Although Poundland is not a minimum wage employer, we need to maintain pay differentials when new rates are introduced. Without mitigation, the increase in wages attributable to the new NLW is estimated at £4.3 million in the 2017 financial year.

We are mitigating this additional cost. We have accelerated investment in the current year in productivity including the trial of hybrid self-scanning checkouts, new sales based ordering systems, shelf ready packaging, the installation of LED lighting and other operational measures. We will spend an additional £2.0 million this year in these areas, as we seek to fully mitigate the additional costs of the NLW.

Summary

We believe that our Poundland and Dealz brands remain under-exploited in the UK and in Ireland, with many more years of new store opening growth. We believe that the acquisition of 99p Stores is a transformational strategic one-off opportunity for us and makes sense for all of our stakeholders. We are making good progress with our two year trial in Spain. We are well positioned for our important Q3 trading period, but overall UK trading conditions remain challenging. I expect another year of progress and I look forward to the future with confidence.

CHIEF FINANCIAL OFFICER'S REPORT

REVENUE

Group underlying revenue was £554.7 million (2014: £528.2 million), which represents growth on the prior year of 5.0%, or 5.6% on a constant currency basis. This improvement was driven primarily by contributions from our opening programme, offset by a decline in like-for-like sales of 2.8% on a constant currency basis (2014: +4.7%), reflecting the head winds that we traded against during the half year, as last year benefited from a late Easter, the looms jewellery band craze and highly favourable weather patterns in the first quarter.

Our new store opening programme was strong, with a net 52 stores opening in the UK & Ireland by the end of H1, compared with 28 last year and we expect to open a net 70 in the year as a whole.

UNDERLYING GROSS MARGIN

Gross profits increased by 4.7% to £201.6 million (2014: £192.5 million) and gross margins remained stable at 36.3% (2014: 36.5%). The slight decline was driven by the weak Euro and a decline in the proportion of own label penetration, due to the one-off impact of the loom band craze last year. This offset the benefits of better buying and a higher over-rider contribution, as a consequence of our increased scale.

OPERATING COSTS

Underlying operating costs

Underlying operating costs (£m)			
	26 weeks ended 27 September 2015	**26 weeks ended 28 September 2014**	**Growth**
Distribution expenses	172.7	160.8	7.4%
Administrative expenses	19.3	18.8	2.7%
Total overhead	**192.0**	**179.6**	**6.9%**
% of sales			
Distribution expenses	31.14	30.44	
Administrative expenses	3.48	3.56	
Total overhead	**34.62**	**34.00**	

Underlying operating costs in the financial year increased by 6.9% to £192.0 million (2014: £179.6 million), driven primarily by the increase in store numbers. Whilst we benefited from the translation of our Irish cost base, due to the weakening of the Euro, we absorbed a number of cost increases. We incurred higher pre-opening costs (£2.5 million, versus £1.4 million last year), as we opened 57 stores in the half, compared with 34 in the corresponding period last year. Also, because we opened 30 stores in September, we incurred all of the costs associated with these stores and saw little benefit to sales. PLC costs also rose in the half, by £0.7 million, primarily due to the impact of share-based schemes.

Our operating costs as a percentage of sales therefore increased by 62 basis points to 34.62% (2014: 34.00%).

EBITDA AND EBIT

Reconciliation to underlying EBITDA (£m)			
	26 weeks ended 27 September 2015	**26 weeks ended 28 September 2014**	**Growth (%)**
Reported EBITDA	13.5	18.3	-26.2
Adjustments			
Costs in respect of IPO		0.2	
Harlow warehouse		1.2	
Costs in respect of 99p Stores	1.9		
Spain	1.5	1.1	
Underlying EBITDA	16.8	20.7	-18.5

We report non-underlying items in our income statement to show one-off items and to allow investors to better understand the underlying performance of the business. In relation to the 2016 financial year, we incurred costs in respect of the 99p Stores acquisition (£1.9 million) and our trial in Spain incurred a charge of £1.5 million. In the previous first half year, non-underlying costs included double running costs associated with our new warehouse at Harlow (£1.2 million) and strategic initiatives in launching our pilot stores in Spain (£1.1 million).

Underlying EBITDA fell to £16.8 million (2014: £20.7 million), primarily due to tough comparables, as well as the weak Euro (£1.9 million) and higher store pre-opening charges (£1.1 million).

(£m)	**26 weeks ended 27 September 2015**	**26 weeks ended 28 September 2014**	**Growth (%)**
Underlying EBITDA	16.8	20.7	-18.5
Underlying depreciation and amortisation	7.3	7.7	-5.2

Underlying EBIT	9.5	12.9	-26.4
Underlying EBITDA margin (%)	3.04	3.91	down 87 bp
Underlying EBIT margin (%)	1.72	2.45	down 73 bp

The table above shows underlying EBIT and movement in underlying margins. Underlying EBIT excludes brand amortisation of £0.6 million (2014: £0.6 million) from depreciation and amortisation expenses, as we regard this charge as non-underlying. Underlying EBIT fell by 26.4% to £9.5 million. The underlying Group EBITDA margin fell by 87 basis points to 3.04% and the Group EBIT margin fell by 73 basis points to 1.72%.

This performance is as expected, given the head winds that we faced, after last year's exceptional results, the impact of higher pre-opening costs and also the effect of the weak Euro, which we flagged at our preliminary results in June.

NET FINANCE COSTS

In the first half of the 2016 financial year, the Group saw its underlying net finance cost reduce by 30% to £0.3 million (2014: £0.4 million). This was a consequence of high cash conversion rates.

STATUTORY PROFIT BEFORE TAX

Reconciliation to underlying profit before tax		
(£m)	**26 weeks ended 27 September 2015**	**26 weeks ended 28 September 2014**
Reported profit before tax	5.3	9.3
Adjustments		
Costs in respect of IPO		0.2
Amortisation of intangibles	0.6	0.6
Distribution centre		1.2
Costs in respect of the acquisition of 99p Stores Ltd	1.9	
Spain	1.7	1.1
Net financing expense	-0.1	0.2
Underlying profit before tax	9.3	12.6

Underlying profit before tax was £9.3 million, which represented a fall of 26.3% on last year (2014: £12.6 million). Statutory profit before tax fell by 43.5% to £5.3 million (2014: £9.3 million), due to an increase in net non-underlying charges, which included the costs of our trial in Spain and the fees associated with the acquisition of 99p Stores.

TAXATION

The underlying tax charge for the period was £2.1 million (2014: £2.9 million). The half year underlying effective tax rate was 22.7% (2014: 23.5%).

STATUTORY PROFIT AFTER TAX

Underlying profit after tax was £7.2 million, which represented a fall of 25.6% on last year (2014: £9.6 million). Statutory profit after tax fell by 46.8% to £3.8 million (2014: £7.1 million), due to higher net non-underlying charges, primarily the costs of our trial in Spain and the fees associated with the acquisition of 99p Stores.

ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share (p)	**26 weeks ended 27 September 2015**	**26 weeks ended 28 September 2014**	**Change (%)**
Basic earnings per ordinary share	1.51	2.85	-47.0
Diluted earnings per ordinary share	1.51	2.85	-47.0
Basic earnings per ordinary share before non-underlying items	2.86	3.85	-25.7
Diluted earnings per ordinary share before non-underlying items	2.85	3.84	-25.8

Underlying fully diluted earnings per share fell by 25.8% to 2.85p per share (2014: 3.84p per share). Total fully diluted earnings per share fell by 47.0% to 1.51p per share (2014: 2.85p per share). The weighted average number of shares in issue during the period was 250.4 million and the weighted average number of fully diluted shares was 251.1 million.

IMPACT OF FOREIGN EXCHANGE

Our exposure to changes in foreign exchange rates is twofold. First, we source products overseas, primarily in US dollars. This relates primarily to the sourcing of our own label products. Because we are a single price retailer, and therefore cannot pass on price increases, we seek to mitigate changing exchange rates by hedging our exposure 12 to 18 months ahead.

Our second exposure is a consequence of our growing European business, Dealz in Ireland and in Spain. Besides the obvious translational risk, we also have transactional risk because we mostly buy in Sterling and sell in Euros, although we are making progress in sourcing products from European markets. In the first half of our 2015 financial year, the € to £ ratio averaged €1.24, whereas in the first half of our 2016 financial year, it averaged €1.39. We highlighted the impact that the weak Euro would have upon our results in June and, in the first half, it affected our underlying EBITDA by £1.9 million. If current exchange rates persist, then the risk for the year as a whole will be between £4 million and £5 million.

CAPITAL EXPENDITURE

(£m)	**26 weeks ended 27 September 2015**	**26 weeks ended 28 September 2014**
New stores	10.4	5.9
Spain	1.2	0.5
Existing stores	2.8	1.7

Other	2.1	1.8
Total	**16.5**	**9.9**
% of sales	3.0	1.9

During the first half of our 2016 financial year, we invested £16.5 million in capital expenditure, primarily related to the opening of new stores. We continued to roll out the Poundland format in the UK and the Dealz format in Ireland and in Spain. We opened a total of 57 stores in the UK & Ireland in H1, or 52 net of closures. We also opened 4 stores in our trial in Spain. Last year, we opened a gross 34 stores in the UK & Ireland. This is the reason why capital expenditure increased by 66% over the previous half year.

We ended the first half of our 2016 financial year with 649 stores (2014: 557), including 590 Poundland stores in the UK and 59 Dealz stores, including 48 in Ireland, 2 in the Isle of Man and Orkney and 9 in Spain. We now have a long-term target of 1,300 stores in the UK and 100 in Ireland. We plan to open 70 net new stores in the UK and Ireland in the financial year as a whole and aim to open around 60 net new stores a year going forward.

We continued to invest in our infrastructure to support our planned growth and our new purpose-built 350,000 square feet distribution centre in Wigan will became operational in July.

NET DEBT AND CASHFLOW

(£m)	**26 weeks ended 27 September 2015**	**26 weeks ended 28 September 2014**
EBITDA	13.5	18.3
Other	1.2	0.6
Change in net working capital	6.2	(3.1)
Operating cashflow	**20.9**	**15.8**
Tax paid	(3.4)	(5.3)
Net cash from operating activities	**17.5**	**10.5**
IPO costs	-	4.9
Net cash from operating activities pre-IPO	**17.5**	**15.5**
Capital expenditure	(12.8)	(9.5)
Acquisition of intangible assets	(1.4)	(0.4)
Net cash from investing activities	**(14.2)**	**(9.9)**
Proceeds from issue of share capital	49.1	-
Drawdown/repayment of borrowings	4.0	-
Net financial expenses paid	(0.3)	(0.3)
Net cash from financing activities	**52.8**	**(0.3)**
Net decrease in cash and cash equivalents	56.1	(0.3)
Cash and cash equivalents at start of period	15.9	25.3
Cash and cash equivalents at end of period	**72.1**	**25.6**
Other interest bearing loans and borrowings	(6.0)	(30.0)
Net funds/(debt)	**66.1**	**(4.4)**

Net funds at the end of the first half was £66.1 million (2014: debt of £4.4 million). Stripping out the proceeds from our share placing, we had funds of £17.0 million. Net cash from operating activities, pre-IPO costs, increased by 13.0% to £17.5 million (2014 £15.5 million). This was driven by a reduction in stock from the year end, in part for seasonal reasons, as well as the sell through of stock bought prior to the launch of the new Tommy Walsh DIY range and, finally, to our focus upon stock control.

INTERIM DIVIDEND

The Directors are pleased to announce an increase of 10% in the interim dividend of 1.65p (2014: 1.5p), which will be paid on 29 January 2016 to shareholders whose names are on the Register of Members at the close of business on 15 January 2016. The ordinary shares will be quoted ex dividend on 14 January 2016. As set out at IPO, we have adopted a dividend policy which reflects our long-term earnings and cash flow potential, targeting a level of annual dividend cover of 2.5 to 3.5 times based on earnings.

Condensed Consolidated Income Statement

For the period ended 27 September 2015 (2014: period ended 28 September 2014)

		26 weeks ended 27 September 2015			26 weeks ended 28 September 2014		
			Unaudited			Unaudited	
		Underlying	**Non-Underlying (Note 5)**	**Total**	Underlying	Non-Underlying (Note 5)	
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	
Revenue		**554,650**	**6,455**	**561,105**	528,154	-	5
Cost of sales		**(353,082)**	**-**	**(353,082)**	(335,622)	-	(3
Gross profit		**201,568**	**-**	**201,568**	192,532	-	1
Distribution costs		**(172,733)**	**(7,325)**	**(180,058)**	(160,781)	(1,404)	(1
Administrative expenses		**(19,313)**	**(3,253)**	**(22,566)**	(18,805)	(1,597)	(

Operating profit			**9,522**	**(4,123)**	**5,399**	12,946	(3,001)	
Financial income			**20**	**139**	**159**	37	-	
Financial expenses			**(288)**	**-**	**(288)**	(420)	(236)	
Net financing expense			**(268)**	**139**	**(129)**	(383)	(236)	
Profit before tax			**9,254**	**(3,984)**	**5,270**	12,563	(3,237)	
Taxation		2	**(2,101)**	**624**	**(1,477)**	(2,949)	749	(
Profit for the period			**7,153**	**(3,360)**	**3,793**	9,614	(2,488)	
Earnings per share (p)	basic	**3**	**2.86**		**1.51**	3.85		
	diluted	**3**	**2.85**		**1.51**	3.84		

All activities were continuing throughout the current and preceding period.
Non-underlying items are those items that are unusual because of their size, nature or incidence. The Directors consider that these items should be separately ide
statement category to enable a full understanding of the Group's results.

Condensed Consolidated Statement of other Comprehensive Income

For the period ended 27 September 2015 (2014: period ended 28 September 2014)

	26 weeks ended 27 September 2015 Unaudited			26 weeks ended 28 September 2014 Unaudited			52 weeks ended 29 March 2015 Audited		
	Underlying £'000	**Non-Underlying £'000**	**Total £'000**	Underlying £'000	Non-Underlying £'000	Total £'000	Underlying £'000	Non-Underlying £'000	Total £'000
Profit for the period	**7,153**	**(3,360)**	**3,793**	9,614	(2,488)	7,126	33,951	(5,554)	28,397
Other comprehensive income									
Items that are or may be recycled subsequently to the income statement:									
Foreign currency translation differences - foreign operations	**-**	**(12)**	**(12)**	-	14	14	-	67	67
Effective portion of changes in fair value of cash flow hedges	**-**	**(9,256)**	**(9,256)**	-	9,515	9,515	-	22,874	22,874
Net change in fair value of cash flow hedges recycled to the Income statement	**-**	**3,313**	**3,313**	-	(2,302)	(2,302)	-	(5,079)	(5,079)
Income tax on items that are or may be recycled subsequently to the income statement	**-**	**1,189**	**1,189**	-	(1,443)	(1,443)	-	(3,559)	(3,559)
	-	**(4,766)**	**(4,766)**	-	5,784	5,784	-	14,303	14,303
Other comprehensive income for the period, net of income tax	**-**	**(4,766)**	**(4,766)**	-	5,784	5,784	-	14,303	14,303
Total comprehensive income attributable to equity holders of the parent	**7,153**	**(8,126)**	**(973)**	9,614	3,296	12,910	33,951	8,749	42,700

Condensed Consolidated Statement of Financial Position

at 27 September 2015

	Note	**27 September 2015 Unaudited £'000**	28 September 2014 Unaudited £'000	29 March 2015 Audited £'000
Non-current assets				
Property, plant and equipment		**55,129**	43,811	47,118
Intangible assets and goodwill		**182,973**	183,092	182,568
Trade and other receivables		**456**	425	428
Other financial assets		**1,142**	1,877	451
Deferred tax asset		**1,227**	233	686

Total non-current assets		**240,927**	229,438	231,251
Current assets				
Inventories		**117,146**	112,247	113,314
Other financial assets		**5,589**	1,320	11,550
Tax receivable		**813**	675	821
Trade and other receivables		**48,399**	49,160	25,796
Cash and cash equivalents		**72,080**	25,574	15,932
Total current assets		**244,027**	188,976	167,413
Total assets		**484,954**	418,414	398,664
Current liabilities				
Trade and other payables		**(183,957)**	(163,238)	(144,140)
Tax payable		**(320)**	(2,067)	(3,255)
Provisions		**(717)**	(568)	(523)
Other financial liabilities		**(667)**	(2,178)	(574)
Total current liabilities		**(185,661)**	(168,051)	(148,492)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(6,000)**	(30,000)	(2,000)
Other payables		**(22,345)**	(20,037)	(19,794)
Provisions		**(137)**	(138)	(138)
Other financial liabilities		**(557)**	(189)	(117)
Deferred tax liabilities		**(1,844)**	-	(1,450)
Total non-current liabilities		**(30,883)**	(50,364)	(23,499)
Total liabilities		**(216,544)**	(218,415)	(171,991)
Net assets		**268,410**	199,999	226,673
Equity attributable to equity holders of the parent				
Share capital	7	**2,679**	2,550	2,550
Share premium		**48,886**	-	-
Merger reserve		**(259,642)**	(259,642)	(259,642)
Reserves		**4,688**	935	9,454
Retained earnings		**471,799**	456,156	474,311
Total equity		**268,410**	199,999	226,673

Condensed Consolidated Statement of Changes in Equity

for the period ended 27 September 2015 (unaudited) (2014: period ended 28 September 2014)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2014	425,050	-	(259,642)	(38)	(4,811)	25,916	186,475
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	7,126	7,126
Other comprehensive income	-	-	-	14	5,770	-	5,784
Total comprehensive income for the period	-	-	-	14	5,770	7,126	12,910
Transactions with owners recorded directly in equity							
Court approved reduction in share capital	(422,500)	-	-	-	-	422,500	-
Share based payment transactions	-	-	-	-	-	614	614
Total transactions with owners	(422,500)	-	-	-	-	423,114	614
Balance at 28 September 2014	**2,550**	**-**	**(259,642)**	**(24)**	**959**	**456,156**	**199,999**

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 March 2015	2,550	-	(259,642)	29	9,425	474,311	226,673
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,793	3,793
Other comprehensive income	-	-	-	(12)	(4,754)	-	(4,766)
Total comprehensive income for the period	-	-	-	(12)	(4,754)	3,793	(973)
Transactions with owners recorded directly in equity							
Redemption of preference share capital	(50)	-	-	-	-	-	(50)
Share based payment transactions	-	-	-	-	-	1,195	1,195
Issue of shares	179	48,886	-	-	-	-	49,065
Dividends payable	-	-	-	-	-	(7,500)	(7,500)

Total transactions with owners	129	48,886	-	-	-	(6,305)	42,710
Balance at 27 September 2015	**2,679**	**48,886**	**(259,642)**	**17**	**4,671**	**471,799**	**268,410**

Condensed Consolidated Cash Flow Statement

for the period ended 27 September 2015 (2014: period ended 28 September 2014)

	Note	**26 weeks 2015**	26 weeks 2014	52 weeks 2015
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Cash flows from operating activities				
Profit for the year, before non-underlying items		**7,153**	9,614	33,951
Costs in respect of IPO	5	**-**	(161)	(263)
Other non-underlying items	5	**(3,360)**	(2,327)	(5,291)
Profit for the year		**3,793**	7,126	28,397
Adjustments for:				
Depreciation and amortisation		**8,068**	8,305	16,283
Financial income		**(159)**	(37)	(74)
Financial expense		**288**	656	1,128
Equity settled share based payment transactions		**1,195**	614	1,248
Taxation		**1,477**	2,200	7,754
		14,662	18,864	54,736
Increase in trade and other receivables		**(22,656)**	(24,544)	(837)
Increase in inventories		**(3,832)**	(22,687)	(23,753)
Increase in trade and other payables excluding IPO costs		**32,490**	49,177	29,216
Increase/(decrease) in provisions		**194**	(219)	(570)
(Decrease)/increase in payable in respect of IPO costs		**-**	(4,779)	(5,012)
		20,858	15,812	53,780
Tax paid		**(3,365)**	(5,275)	(10,912)
Net cash from operating activities		**17,493**	10,537	42,868
Costs in respect of IPO		**-**	4,940	5,275
Net cash from operating activities before IPO costs		**17,493**	15,477	48,143
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(12,767)**	(9,456)	(19,112)
Acquisition of other intangible assets		**(1,370)**	(434)	(708)
Net cash from investing activities		**(14,137)**	(9,890)	(19,820)
Cash flows from financing activities				
Proceeds from the issue of share capital		**49,065**	-	-
Drawdown/(repayment) of borrowings		**4,000**	-	(28,000)
Net financial expenses paid		**(273)**	(341)	(634)
Dividends payable		**-**	-	(3,750)
Net cash from financing activities		**52,792**	(341)	(32,384)
Net increase/(decrease) in cash and cash equivalents		**56,148**	306	(9,336)
Cash and cash equivalents at start of period		**15,932**	25,268	25,268
Effects of exchange rate changes on cash held		**-**	-	-
Cash and cash equivalents at end of period		**72,080**	25,574	15,932
Other interest bearing loans and borrowings		**(6,000)**	(30,000)	(2,000)
Net funds/(debt)		**66,080**	(4,426)	13,932

1.1 Basis of preparation and significant accounting policies

Poundland Group plc (the Company) is a company incorporated in the United Kingdom. The condensed consolidated interim financial statements as at and for the 26 weeks ended 27 September 2015 comprise the Company and its subsidiaries (together referred to as the Group). The consolidated financial statements of the Group as at and for the 52 weeks ended 29 March 2015 are available on request from the Company's registered office at Wellmans Road, Willenhall, West Midlands WV13 2QT. All values are stated in £ thousands (£'000's) except where otherwise indicated.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 52 weeks ended 29 March 2015.

The comparative figures for the financial year ended 29 March 2015 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has sufficient financial resources, together with a strong ongoing trading performance. On 17 March 2014, the Group entered into a revolving credit and working capital facility of £55 million with a syndicate of banks. On 28 September 2015, following the acquisition of 99p Stores Limited, this facility was extended to £95 million. The borrowing facilities contain financial covenants which have been met throughout both periods. The Group's forecasts and projections show that the facility provides adequate headroom for its current and future anticipated cash requirements.

Significant accounting policies

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements as at and for the 26 weeks ended 27 September 2015 are consistent with the policies applied by the Group in its consolidated financial statements as at and for the 52 weeks ended 29 March 2015 with the exception of equity transaction costs, which has been implemented during the period; equity instruments issued are recognised as the proceeds are received, net of direct issue costs, which are deducted from the share premium account.

1.2 Basis of consolidation

On 17 March 2014, the Company obtained control of the entire share capital of Poundland Group Holdings Limited via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, headed by Poundland Group Holdings Limited.

The statements of financial position present the legal change in ownership of the Group, including the share capital of Poundland Group plc and the merger reserve arising as a result of the share for share exchange transaction.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1.3 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

The Group has also presented an alternative version with profit adjusted for non-underlying items.

A reconciliation to the statutory measure required by IFRS is given in note 3.

1.4 Non underlying items

Non underlying items are those items that are unusual because of their size, nature or incidence. The Directors consider that these items should be separately identified to ensure a full understanding of the Group's results.

1.5 Supplier income

Rebate income

Rebate income consists of income generated from volume related rebate agreements and other supplier funding received on an ad hoc basis for in store promotional activity. The income received is recognised as a deduction from cost of sales. Volume related income is recognised based on the expected entitlement at the reporting date based on agreed and documented contractual terms. Where the contractual period is not yet complete, the Group will estimate expected purchase volumes taking into account current performance levels to assess the probability of achieving contractual target volumes. Other supplier funding is recognised as invoiced to the suppliers, subject to satisfaction of any related performance conditions.

Promotional funding

Promotional pricing income relates to income received from suppliers to invest in the customer offer. It is considered an adjustment to the core cost price of a product and as such is recognised as a reduction in the purchase price of a product. Timing of invoicing of amounts due is agreed on an individual basis with each supplier. Uncollected commercial income at the reporting date is presented within the financial statements as follows:

Trade payables - it is common practice for the Group to net income due from suppliers against amounts owing to that supplier. Any outstanding invoiced commercial income relating to these suppliers at the reporting date will be included within trade payables.

Trade receivables - where there is no practice of netting commercial income from amounts owed to the supplier, the Group will present amounts due within trade receivables. Where commercial income is earned but not invoiced to the supplier at the reporting date, the amount due is included within prepayments and accrued income.

1.6 Accounting estimates and judgements

The preparation of interim financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the 52 week period ended 29 March 2015.

2. Taxation

Recognised in the income statement

	26 weeks ended 27 September 2015 £'000	26 weeks ended 28 September 2014 £'000

Current tax expense		
Current period	**2,105**	3,222
Deferred tax expense		
Origination and reversal of temporary differences	**(628)**	(1,112)
Adjustment for prior periods	-	90
Total deferred tax	**(628)**	(1,022)
Total tax charge for the period	**1,477**	2,200

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the financial year applied to the pre-tax income of the interim period.

The Group's consolidated effective tax rate in respect of continuing operations for the 26 weeks ended 27 September 2015 was 28.0% (26 weeks ended 28 September 2014: 23.6%).

The Group's underlying effective tax rate for the 26 weeks ended 27 September 2015 was 22.7% (26 weeks ended 28 September 2014: 23.5%).

The Group has recognised a deferred tax asset of £1.2m in relation to tax losses generated by its Spanish subsidiary.

3. Earnings per share

	26 weeks ended 27 September 2015 No of shares	26 weeks ended 28 September 2014 No of shares
Weighted average number of ordinary shares in issue, being weighted average number of shares for calculating basic earnings per share	**250,392,465**	250,000,000
Effect of share options on issue	**736,858**	105,940
Weighted average number of ordinary shares in issue for calculating diluted earnings per share	**251,129,323**	250,105,940

	26 weeks ended 27 September 2015 £'000	26 weeks ended 28 September 2014 £'000
Profit for the period, being basic earnings attributable to ordinary equity shareholders	3,793	7,126
Non-underlying items (see note 5)		
Operating expenses and finance costs	3,984	3,237
Tax on non-underlying items	(624)	(749)
Underlying earnings before non-underlying items	7,153	9,614

Earnings per share is calculated as follows:

	26 weeks ended 27 September 2015 p	26 weeks ended 28 September 2014 p
Basic earnings per ordinary share	1.51	2.85
Diluted earnings per ordinary share	1.51	2.85
Basic earnings per ordinary share before non-underlying items	2.86	3.85
Diluted earnings per ordinary share before non-underlying items	2.85	3.84

4. Operating segment

The Group has one reportable segment, discount retailing of a variety of products. The Chief Operating Decision Maker ('CODM') is the Board of Directors. Internal management reports are reviewed by the CODM on a monthly basis. Key measures used to evaluate performance are Revenue and EBITDA. Management believes that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

All material operations of the reportable segment are carried out in the United Kingdom and the Republic of Ireland. The Group's revenue is driven by the consolidation of individually small value transactions and, as a result, Group revenue is not reliant on a major customer or group of customers. All revenue is generated from external customers.

5. Non-underlying items

In the 26 weeks ended 27 September 2015, the Group incurred £1,695,000 of net cost related to strategic initiatives (26 weeks 2014: £1,072,000). These costs relate to the new store trial in Spain, which was announced in February 2014 and is planned to continue until at least the end of the current financial year. Included within these costs are the revenue and profit generated by the 9 stores trading in the period (including 4 new openings).

The Group incurred fees of £1,872,000 (26 weeks 2014: £Nil) relating to the acquisition of 99p Stores Limited.

In the prior period, the Group incurred £1,212,000 of one-off costs relating to the relocation of the distribution facility in the South East of England and the costs to dispose of the existing facility (26 weeks 2015: £Nil), together with costs relating to its listing of £161,000 (26 weeks 2015: £Nil)

On the acquisition of Poundland Holdings Limited in June 2010, the Group recognised an intangible asset relating to the Poundland brand. This is being amortised over 20 years and the amortisation expense is presented as a non-underlying item (26 weeks 2015: £556,000, 26 weeks 2014: £556,000).

The ineffective portion of foreign exchange hedging contracts is recognised as a financial expense and disclosed as a non-underlying item (26 weeks 2015: £139,000 income, 26 weeks 2014: £236,000 expense).

The associated tax implications of the above items are presented as a non-underlying item (26 weeks 2015: £624,000 credit, 26 weeks 2014: £749,000 credit).

	26 weeks ended 27 September 2015 £'000	26 weeks ended 28 September 2014 £'000
Revenue		
Strategic initiatives	**(6,455)**	-
Distribution expenses		
Relocation of distribution facility in the South East	**-**	1,212
Strategic initiatives	**7,325**	192
	7,325	1,404
Administrative expenses		
Amortisation expense (brand)	**556**	556
Strategic initiatives	**825**	880
Costs in respect of IPO	**-**	161
Costs in respect of the acquisition of 99p Stores Limited	**1,872**	-
	3,253	1,597
Financial income and expenses		
Financial instruments	**(139)**	236
	(139)	236
Taxation		
Non-underlying items tax impact	**(624)**	(749)
Total non-underlying items	**3,360**	2,488

6. Seasonality

Due to the seasonal nature of the UK retail market, higher revenues and operating profits are usually expected in the second 26 weeks than the first 26 weeks.

7. Called up share capital

On 27 August 2015, preference shares in the Company, which were not listed, were redeemed at their nominal value of £1 for a total consideration of £49,999. No further preference shares remain in issue following the redemption.

On 24 September 2015, 17,857,143 ordinary shares of 1p each were placed for listing on the London Stock Exchange. The share premium paid on the listing amounted to £49.8m, from which associated transaction costs have been deducted.

At 27 September 2015, the nominal value of ordinary share capital is £2,678,571.

8. Financial instruments

The fair value of the Group's derivative financial instruments is calculated using the market forward rates at the reporting date and the outright contract date. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

IFRS 13 Fair Value measurements requires the Group's derivative financial instruments to be disclosed at fair value and categorised in three levels according to the inputs used in the calculation of their fair value:

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

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

All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value of financial assets and liabilities held by the Group are:

	26 weeks ended 27 September 2015		26 weeks ended 28 September 2014	
	Carrying Value £'000	**Fair Value £'000**	Carrying Value £'000	Fair value £'000
Cash and cash equivalents	**72,080**	**72,080**	25,574	25,574
Trade and other receivables	**48,399**	**48,399**	49,160	49,160
Derivative contracts used for hedging (assets)	**6,731**	**6,731**	3,197	3,197
				-
Total financial assets	**127,210**	**127,210**	77,931	77,931
Trade and other payables	**206,302**	**206,302**	183,275	183,275
Borrowings at amortised cost	**6,000**	**6,000**	30,000	30,000

Derivative contracts used for hedging (liabilities)	**1,224**	**1,224**	2,367	2,367
Total financial liabilities	**213,526**	**213,526**	215,642	215,642

9. Related Party Transactions

At 27 September 2015, £Nil (28 September 2014: £50,000) is owed by Warburg Pincus Private Equity X, L.P. in respect of its initial share capital. The prior period balance is included within trade and other receivables.

10. Events after the reporting date

An interim dividend of 1.65p per share (2014: 1.5p) was proposed by the Board of Directors on 12 November 2015. In line with the requirements of IAS 10 - 'Events after the Reporting Period', the dividend has not been recognised within these results. It will be recognised in shareholders' equity in the 52 weeks to 27 March 2016.

On 28 September 2015, the Company acquired 99p Stores Limited for £55 million, including cash consideration of approximately £51.5 million and the issue of 844,654 new Poundland Group PLC shares at a price of 296.46p per share.

The Acquisition includes 99p Stores' network of 252 stores (trading as '99p Stores' and 'Family Bargains'), which serve more than two million customers a week, as well as its head office and distribution centre.

The cash element of the consideration (comprising approximately £51.5 million) and the cash costs associated with the integration and restructuring of 99p Stores has been funded by an equity placing which completed on 24 September 2015 (see Note 7) and an increase in Poundland's revolving credit facilities, reflecting its focus on preserving a conservative financial profile to support the capital investment plans in its business.

Due to the proximity of the acquisition date to the date of these condensed consolidated interim financial statements, completion accounts for the transaction are still being prepared. The provisional fair value of the net assets of 99p Stores Limited and the resulting fair value table have therefore not been finalised as at the date of this report.

11. Risks and uncertainties

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain the same as those stated on pages 26 to 27 of our Annual Report and Financial Statements for the 52 weeks to 29 March 2015.

Responsibility Statement of the Directors in Respect of the Interim Report

We confirm that to the best of our knowledge:

The condensed set of consolidated financial statements has been prepared in accordance with IAS 34 Interim Reporting as adopted by the EU;

The interim management report includes a fair value of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial period and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial period; and
(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial period that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board

Jim McCarthy	Nick Hateley
Chief Executive Officer	Chief Financial Officer
19 November 2015	19 November 2015

Independent Review Report to Poundland Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 27 September 2015, which comprises the condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Conduct Authority (the UK FCA). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1.1, the annual financial statements of the Group are prepared in accordance with IFRS's as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the 26 weeks ended 27 September 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Gregory Watts for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham

19 November 2015

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