Embargoed until 07:00, 15 December 2015

Carpetright plc
Interim Results Announcement for the 26 weeks ended 31 October 2015

"Significant growth in Group underlying profit to £9.0m, continuing the journey to transform the business."

Financial highlights

Group

- Group revenue increased 1.4% to £231.2m (H1 FY15: £227.9m) (note 1)
- Significant increase in underlying profit before tax, up 34.3% to £9.0m (H1 FY15: £6.7m) (note 2)
- Profit before tax up by £0.4m to £7.1m, an increase of 6.0%
- Underlying earnings per share increased by 25.0% to 9.5p (H1 FY15: 7.6p)
- Net cash position of £4.1m at period end (H1 FY15: £3.2m)
- The Group's full year underlying profit expectations are unchanged (note 5)

UK

- Like-for-like sales increased by 3.7% (H1 FY15: 6.5%) (notes 6, 7)
- Gross profit decline of 70 basis points, in line with guidance, to 61.0% (H1 FY15: 61.7%)
- Underlying operating profit up 28.8% to £9.4m (H1 FY15: £7.3m)
- Further market share gains

Rest of Europe

- Like-for-like sales increased by 5.5% in local currency terms (H1 FY15: decline of 3.3%)
- Underlying operating profit improved to £0.6m (H1 FY15: £0.1m)

Operational highlights

- Encouraging initial results from four retail concept stores, trialling new shop fit and brand identity
- Five new stores opened in the UK during the period, including three concessions
- UK store base reduced by net 22 during the period to 438, resulting in a year-on-year space decline of 4.8% with improving profitability
- Achieved strong growth in targeted smooth flooring category and launched our first high profile brand collaboration with 'House Beautiful' magazine
- Further enhancements to interest free credit offer planned from Boxing Day and into 2016
- Store base in Rest of Europe increased by net one, whilst reducing space by 4.5% year-on-year

Commenting on the results, Wilf Walsh, Chief Executive, said:

"I am pleased to be able to report the Group continued its positive like-for-like sales performance and grew profits significantly during the first half. In parallel, we made good further progress with a wide-ranging programme of initiatives to extend the appeal of the Carpetright brand and address significant legacy property issues.

"The trial of a new retail concept and brand identity is, as expected, producing much valuable customer insight. A comprehensive customer research study will be completed by the end of January 2016, giving us a more detailed picture which will inform our decisions on which elements we will roll-out across the existing estate.

"In a retail market which remains very competitive, we are confident that our plan to build on Carpetright's strong foundations, modernise the business, and ensure we capitalise on our advantages as market leader to the full, is on track. Our full year profit expectations remain unchanged."

Group Financial Summary

	H1 FY16 £m	H1 FY15 £m	**Change**
Group revenue (note 1)	**231.2**	227.9	**1.4%**
• *UK*	*199.2*	*194.2*	*2.6%*
• *Rest of Europe*	*32.0*	*33.7*	*(5.0%)*
Underlying operating profit/(loss) (note 2)	**10.0**	7.4	**35.1%**
• *UK*	*9.4*	*7.3*	*28.8%*
• *Rest of Europe*	*0.6*	*0.1*	*500.0%*
Underlying profit before tax (note 2)	**9.0**	6.7	**34.3%**
Underlying earnings per share	**9.5p**	7.6p	**25.0%**
Exceptional items (note 3)	**(1.9)**	-	
Profit before tax	**7.1**	6.7	**6.0%**
Basic earnings per share	**7.3p**	7.6p	**(3.9%)**
Net cash (note 4)	**4.1**	3.2	**£0.9m**
Dividend per share	**Nil**	Nil	

Notes

1. Revenue represents amounts payable by customers for goods and services after deducting VAT and other charges.
2. 'Underlying' excludes exceptional items and related tax.
3. Exceptional items comprises net losses on disposal of properties of £1.9m, there were no exceptional items incurred in H1 FY15.
4. Net cash/(debt) is calculated as the total of cash-in-hand, or at bank, offset by borrowings, finance leases and unamortised fees.
5. Current range of market expectations for the year ending 30 April 2016 is for Group underlying profit before tax to be £17.0m to £18.0m.
6. Sales represents amounts payable by customers for goods and services before deducting VAT and other charges.
7. Like-for-like sales calculated as this year's sales compared to last year's sales for all stores that are at least 12 months old at the beginning of our financial year. Stores closed during the year are excluded from both years. No account is taken of changes to store size or introduction of third party concessions. For the UK and Republic of Ireland the current financial year (2016) is a 52 week year, ending 30 April 2016. The previous financial year (2015) was a 53 week year, ended 2 May 2015. In order to provide meaningful year on year like-for-like sales information, current year sales period in this announcement relates to weeks 1 to 26 of 2016, compared to weeks 2 to 27 of 2015.
8. Comparative period for the year is the 26 week period ended 25 October 2014.

Results presentation

Carpetright plc will hold a presentation to analysts and investors at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London EC2M 5SY at 09:00 today.

Analysts unable to attend in person may listen to the presentation live at 09:00 by using the details below:

Telephone number: 0808 109 0700

Password: Carpetright

Webcast link: http://edge.media-server.com/m/p/ka9zympa

A copy of this interim statement can be found on our website www.carpetright.plc.uk

For further enquiries please contact:

Carpetright plc
Wilf Walsh, Chief Executive
Neil Page, Group Finance Director
Tel: 01708 802000

Citigate Dewe Rogerson
Kevin Smith
Nick Hayns
Tel: 020 7638 9571

Forthcoming news flow:
Carpetright will release a trading update for the third quarter on 26 January 2016.

Certain statements in this report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Interim Results

A summary of the reported financial results for the 26 weeks ended 31 October 2015 is set out below:

	H1 FY16 £m	H1 FY15 £m	Change
Revenue	**231.2**	227.9	1.4%
Underlying operating profit	**10.0**	7.4	35.1%
Net finance charges	**(1.0)**	(0.7)	
Underlying profit before tax	**9.0**	6.7	34.3%
Exceptional items	**(1.9)**	-	
Profit before tax	**7.1**	6.7	6.0%
Earnings per share (pence)			
– underlying	**9.5p**	7.6p	25.0%
– basic	**7.3p**	7.6p	(3.9%)
Net cash	**4.1**	3.2	£0.9m
Dividends per share (pence)	**Nil**	Nil	

Note - Where this review makes reference to "Underlying" these relate to profit / earnings before exceptional items.

Overview

Total Group revenue increased by 1.4% to £231.2m, with the UK business up 2.6% and a decline of 5.0% in the Rest of Europe in reported currency. Our continued focus on rationalising and repositioning the store portfolio saw the Group close 31 and open ten during the half year, a net decrease of 21 stores, to give a total store base of 576. Total store space declined by 3.2% to 5.3 million square feet during the period.

Group underlying operating profit increased by 35.1% to £10.0m, supported by strong profit growth in the UK and improved trading in our Rest of Europe business. Underlying net finance charges were £0.3m higher at £1.0m, principally a result of higher levels of average drawings of facilities. These factors combined to generate an underlying profit before tax of £9.0m, a 34.3% increase on the prior year.

Exceptional charges totalled £1.9m (H1 FY15: Nil), being costs associated with exiting poor-performing stores.

The above combine to produce Group profit before tax of £7.1m (H1 FY15: £6.7m). Underlying earnings per share grew by 25.0% to 9.5p (H1 FY15: 7.6p) reflecting the growth in underlying profitability of the Group. Basic earnings per share were 7.3p (H1 FY15: 7.6p).

The combination of stronger cash flow from the growth in profitability, management of working capital and control of capital expenditure, enabled the Group to generate £3.6m of cash, resulting in a net cash position of £4.1m at period end (H1 FY15: net cash of £3.2m).

Chief Executive Review

Overview

At our interim results presentation a year ago, I outlined the key themes of our strategic plan to update and reposition the business to extend Carpetright's consumer appeal and ensure it is better able to capitalise on its market leadership position. This strategy was translated into an operational plan and we are pleased to report we have made strong progress across a range of these initiatives, whilst continuing to drive forward the trading performance of the Group. An update on the progress achieved with each element of the plan in the first half of our current financial year is provided below.

As a reminder, the opportunity to broaden the appeal of the brand by placing greater emphasis on the unrivalled breadth and quality of our product range, the expertise of our colleagues and the role floor coverings play in transforming our customers' homes, while retaining our well established value heritage, is at the heart of our strategic thinking. Furthermore, in today's retail environment, where customers place a high value on convenience and speed, we need to make buying floor coverings a hassle-free experience, eliminating potentially confusing or irritating elements from the process.

Key areas of focus:

1. Revitalising the Carpetright brand
2. Unrivalled choice of floor coverings
3. Providing an outstanding customer experience
4. Unbeatable value
5. Multi-channel convenience
6. Managing the store portfolio

1. Revitalising the Carpetright brand

Encouraging potential new customers to consider Carpetright when they shop for floor coverings requires a repositioning and updating of the brand. Work is now well-progressed on the development of an updated brand positioning that is more in tune with the contemporary retail market.

We have made progress by:

- Trialling a new retail concept in four stores in and around the M25, commencing in July 2015. These stores feature an experimental shop fit aimed at inspiring customers and encouraging experimentation, sampling and discovery. Customer reaction has been positive and after the initial disruptive transition period, it is encouraging to report an increase in average order values and growth in sales in flooring categories outside of our traditional strength of carpets.
- As part of the trial we have been testing a new identity for the brand. A new logo has been introduced in the concept stores and in nine other existing stores around the UK. This gives a more contemporary feel aimed at attracting customer groups in which the business has previously under-indexed, without alienating our loyal existing customer base.
- We are continuing the store trial through the important post-Christmas trading period to obtain further data and intend to complete more comprehensive customer research by the end of January 2016, which will inform our decisions on which elements we roll out to our existing estate.
- Alongside the trial stores we have continued to invest in the existing estate, with a refurbishment programme which improves natural light, upgrades in-store lighting and refines the layout to reflect categories where we expect greater sales growth. During the first half, we refitted eight stores and conducted a programme of minor improvements in seven stores. We intend to continue this programme by refitting around a further 28 stores in the second half of the year.

2. Unrivalled choice of floor coverings

In the UK, Carpetright is the market leader in floor coverings and we have increased our market share from 22.7% in 2010 to 25.3% in 2014 and to an estimated 25.7% in 2015 *(source: Verdict – UK Furniture and Floor coverings Forecast 2020, published August 2015)*. As market leader, we have long offered the broadest range of carpets in the marketplace, including premium and specialist lines, but the capability to offer a full range of floor covering options is not universally recognised by our potential customer base.

To address this, we are repositioning our ranges to become first choice for floor coverings.

Initiatives completed in the first half have delivered:

- Good sales growth in premium branded carpets, such as Brinton, Ulster and Westex, which is driving average transaction value and cash margins.
- Double digit sales growth in laminate flooring, a category where we have a low share relative to the rest of the floor coverings market.
- The launch of an entirely new rug range, which is both contemporary in style and at a lower entry price point, strengthening our competitive position in this market significantly.
- The launch of a range in conjunction with 'House Beautiful' magazine, a high profile brand collaboration which enhances the design and home transformation image of Carpetright.
- In Belgium and the Netherlands, we have introduced a range of sampled curtains and blinds to complement the floor covering offer in five stores. Initial sales were encouraging and as a result, we have introduced these products into a further 25 stores.

3. Providing an outstanding customer experience

The strategic plan puts the customer's needs at the heart of everything we do and the business is committed to making customer service a genuine point of sustained competitive advantage.

Key initiatives undertaken to date include:

- Following the launch of 'Do We Measure Up?', a new web-based customer service programme, across the entire UK store network in January 2015, we are now receiving an average of 3,400 reviews per week, which enables each store to receive direct customer feedback on their shopping experience. This important initiative is driving service standards higher and helping to improve our online customer ratings. In the ten months since the launch of the initiative, we have received over 150,000 individual customer reviews.
- Our store colleagues form the essential element in the customer journey and feedback tells us that friendly, engaged and knowledgeable staff are key factors when customers make their buying decisions. We are developing more flexible store staff structures with two primary objectives:
    1. increasing the level of service at peak trading times; and
    2. highlighting the attractions of flexible working hours
- We expect to complete the £4.5m investment in a systems upgrade at store level by the end of December 2015. This is delivering quicker, more efficient order processing, making shopping with Carpetright a smoother, hassle-free experience in all our stores.
- We are introducing a tablet PC-based solution for the production of cutting plans by our estimators by Spring 2016, making the service far more efficient for our customers.

- We are applying for 'full permission' with the Financial Conduct Authority in early 2016 to enable us to sell interest free credit in customers' homes. We believe this will make us unique, as the only national flooring retailer able to offer this service, making it easier for customers to buy from us, wherever they choose to shop.

4. Unbeatable value

Carpetright has a long-established and well-deserved reputation for value among its core customer base. We have built on this heritage and it will remain a key part of our proposition, supported by the three core elements of; strong promotional offers; a promise of never being beaten on price; and interest free credit.

We have made progress in the following:

- We intend to enhance our interest free credit offer by extending it for up to four years for purchases over £2,000 from Boxing Day 2015.
- For certain key trading periods we will also introduce 0% deposit terms for customers (currently 10%) on interest free credit transactions, bringing us into line with a number of other big ticket retailers.
- Refreshing our take away offer as the 'essentials' range to enhance our value reputation.

5. Multi-channel convenience

While the ability to visit a store to touch and view the product and to obtain specialist advice prior to making a purchase remain critical, the internet has become a vital research tool for many customers and the rapid growth in the use of mobile devices has made an integrated multi-channel proposition a necessity. With our extensive geographic coverage, we see the opportunity to leverage the accessibility of our store estate, combined with the strength of our marketing reach and supported by an inspirational website, as a key advantage when compared to the competition.

6. Managing the store portfolio

We are aggressively managing our store portfolio to reduce total square footage; to eliminate store catchment overlap; to improve the quality of the estate by relocating to better sites; and to reduce property costs, with the overall objective of ensuring our retail base is better aligned with the needs of today's customer.

Key areas of progress during the past six months:

- We have opened five stores, of which three are a concession format. These latter stores have the advantage of a smaller footprint, a cost base aligned to the level of sales and importantly, easy access for a customer who is thinking about improving their home. In addition, we continue to enjoy success with our smaller High Street format, particularly in and around London. We have plans to open further concessions and High Street stores in the second half.
- We closed 31 stores in the period, primarily a continuation of the previously announced plan to eliminate stores with overlapping catchments. Prior to committing to these closures we model the expected level of transfer of sales to nearby stores, assess the likely net reduction in cost and, after considering any costs to facilitate the deal, look for a cash payback within two years. The actual results achieved have been in line with our modelling which gives us confidence in our approach. We

have plans for a further seven store closures and will continue to take advantage of similar opportunities as they arise.

- We continue to take a robust view at lease renewal, which provides an opportunity to secure lower rents for future years. Within the next five years 33% of the UK estate has a lease renewal scheduled, providing further opportunity to reduce the fixed store operating costs. As at 31 October 2015, we had 438 stores trading in the UK, with average length of lease of 6.5 years (H1 FY15: 7.7 years).
- In the Rest of Europe stores, we have re-opened one store, following a fire, and relocated four others to a smaller format in the same location, leaving 138 stores trading at 31 October 2015. Where we have relocated stores, we have not experienced a reduction in sales and have benefited from a lower operating cost, thereby increasing profitability.
- The potential to secure rent reductions in Rest of Europe is generally dictated by the average length of lease remaining, with this being 2.9 years (H1 FY15: 3.7 years) in the Netherlands and 1.5 years (H1 FY15: 2.2 years) in Belgium. In the Republic of Ireland, this period is 9.6 years (H1 FY15: 10.6 years) reflecting the agreement of long term deals during the expansion into this market in the period from 2001 to 2008.

Dividend

The Board has decided not to pay an interim dividend (H1 FY15: Nil). In taking this decision, the Board has considered that whilst there has been an improvement in profitability during the year, the priority for the use of cash is to accelerate reductions in fixed occupancy costs and to invest in the remaining stores to broaden the appeal of the brand. That said, if we maintain the current progress the Board would look favourably on restoring the dividend in due course.

Summary and Outlook

I am pleased to be able to report the Group continued its positive like-for-like performance and grew underlying profits significantly during the first half. In parallel, we made good further progress with a wide-ranging programme of initiatives to extend the appeal of the Carpetright brand and address significant legacy property issues.

The trial of a new retail concept and brand identity is, as expected, producing much valuable customer insight. The comprehensive customer research study will be completed by the end of January 2016, giving us a more detailed picture which will inform our decisions on which elements we will roll-out across the existing estate.

In a retail market which remains very competitive, we are confident that our plan to build on Carpetright's strong foundations, modernise the business, and ensure we capitalise on our advantages as market leader to the full, is on track. Our full year profit expectations remain unchanged.

Wilf Walsh
Chief Executive
14 December 2015

Financial review

UK

Key financial results for the UK:

	H1 FY16 £m	H1 FY15 £m	Change
Revenue	**199.2**	194.2	2.6%
Like-for-like sales	**3.7%**	6.5%	
Gross profit	**121.5**	119.9	1.3%
Gross profit %	**61.0%**	61.7%	(0.7ppts)
Costs	**(112.1)**	(112.6)	0.4%
Cost to sales %	**56.3%**	57.9%	1.6ppts
Underlying operating profit	**9.4**	7.3	28.8%
Underlying operating margin %	**4.7%**	3.8%	0.9ppts

UK store portfolio:

	Store numbers				**Gross Sq ft ('000)**	
	2 May 2015	Openings	Closures	**31 Oct 2015**	2 May 2015	**31 Oct 2015**
Standalone	448	2	(25)	**425**	3,963	**3,799**
Concessions	12	3	(2)	**13**	16	**19**
	460	5	(27)	**438**	3,979	**3,818**
As at 25 Oct 2014				463		4,011

Included in standalone stores:

Bed departments	265	0	(16)	**249**
As at 25 Oct 2014				269

Total UK revenue increased by 2.6% with sales lost from store closures being more than offset by a solid like-for-like performance of 3.7%. This is set against the prior year like-for-like performance of 6.5% growth. The two year growth of 10.4% provides encouragement that our initiatives are being recognised by our customers. This is supported by the most recent market research by Verdict which indicates we have an estimated 25.7% share of the floor coverings market (2014: 25.3%) an increase of 0.4ppts.

We opened five and closed 27 stores during the period, which translated into net space decline of 161,000 sq ft, a decrease of 4.0%. At the close of the period there were 249 stores trading with a bed department (H1 FY15: 269). Sales within the beds category now represent 8.9% of the sales mix (H1 FY15: 8.2%).

Gross profit increased by £1.6m to £121.5m, representing 61.0% of sales, a decrease of 70 basis points. The decline in margin rate reflects:

- Our decision to invest in market beating promotions to drive footfall and top line sales volumes.
- An increase in bed sales, which have a lower gross margin, resulting in an adverse mix impact.

The total UK cost base decreased by 0.4% compared with the prior year to £112.1m. Costs as a percentage of sales were 56.3%, which compared favourably to 57.9% in the prior year, reflecting the operational gearing of the business. The movement in costs was a combination of:

- A 4.4% increase in store payroll costs to £31.1m (H1 FY15: £29.8m), reflecting commission payments associated with stronger sales growth, higher headcount focused on improving service and the effect of an annual pay award.
- A reduction in occupancy costs to £58.8m (H1 FY15: £62.6m). This masked inflationary cost increases in business rates being offset by reductions resulting from the net decrease in the number of stores and successful rent negotiations. The underlying rent in like-for-like stores held broadly level with the prior year, with the majority of rent reviews being settled at or near zero.
- Marketing and central support costs increased by 9.9% to £22.2m (2014: £20.2m), primarily the result of one off expenditure incurred as part of the initiatives to revitalise the brand; an up weighting of advertising spend in support of recent promotional campaigns; and an increase in IT costs incurred in support of upgrades to store systems.

The combination of the above factors resulted in underlying operating profit increasing by 28.8% to £9.4m.

Rest of Europe

Key financial results for the Rest of Europe

	H1 FY16 £m	H1 FY15 £m	Change (Reported)	Change (Local Currency)
Revenue	**32.0**	33.7	(5.0%)	5.5%
Like-for-like sales (local currency)	**5.5%**	(3.3%)		
Gross profit	**18.5**	20.4	(9.3%)	0.6%
Gross profit %	**57.8%**	60.5%	(2.7ppts)	
Costs	**(17.9)**	(20.3)	11.8%	2.2%
Cost to sales %	**55.9%**	60.2%	4.3ppts	
Underlying operating profit/(loss)	**0.6**	0.1	500.0%	457.5%
Underlying operating margin %	**1.9%**	0.3%	1.6ppts	

Rest of Europe store portfolio:

	Store numbers				**Gross Sq ft ('000)**	
	2 May 2015	Openings	Closures	**31 Oct 2015**	2 May 2015	**31 Oct 2015**
Netherlands	93	3	(2)	**94**	1,046	**1,044**
Belgium	22	2	(2)	**22**	257	**247**
Republic of Ireland	22	-	-	**22**	162	**162**
	137	5	(4)	**138**	1,465	**1,453**
As at 25 Oct 2014				139		1,522

Encouragingly, sales across our Rest of Europe business units have shown continued signs of improvement. The rate of like-for-like sales growth has accelerated from the 2.0% experienced in the second half of the prior year to 5.5% in the first half of the current financial year. This has been assisted by an increase in the level of consumer confidence and encouraging economic indicators, such as the number of housing transactions, particularly in the Netherlands and Republic of Ireland. After exchange rate movements, total revenue fell by 5.0% in reported currency.

Our Rest of Europe portfolio increased by a net one store during the first half, a result of re-opening a store that was previously temporarily closed due to fire and relocating two stores in the Netherlands and two in Belgium. The relocations have allowed us to reduce trading area and associated occupancy costs whilst retaining turnover, thus driving profitability. The estate is now trading from 138 stores.

Gross profit percentage decreased 270 basis points to 57.8%, a combination of the decision to invest in strong promotions to drive top line sales volumes and the mix impact of a stronger growth in lower margin categories. The improvement in volume was sufficient to offset the impact of lower margin rate, resulting in an increase in cash gross profit of 0.6%. However, after taking into account exchange rate movements this resulted in a decline of 9.3% in reported currency.

Operating costs in local currency reduced by 2.2%. The majority of the savings were driven by a focused cost reduction programme initiated in the previous financial year and a reduction in advertising spend. This was reflected in the decline in the costs as a percentage of sales to 55.9%, a reduction on the prior year figure of 60.2%. In reported currency, this was a reduction in costs of 11.8% to £17.9m.

The net result was an improvement in underlying operating profit of £0.5m to £0.6m.

Group financial review

Net finance charges and taxation

Underlying net finance charges for the period were £0.3m higher at £1.0m (H1 FY15: £0.7m) principally a result of higher levels of average drawings of facilities during the period.

The taxation charge on profit for the half year was £2.1m (H1 FY15: £1.5m). This is based on a full year effective tax rate of 30.1% (H1 FY14: 22.9%), a variance of 10.1% compared to the UK corporation tax rate of 20.0% due to the effects of non-deductible items, overseas tax rates and other permanent differences.

Exceptional items

The Group recorded a net charge of £1.9m (H1 FY15: Nil) in the half year, a combination of surrender premiums paid to exit poor performing stores; the write off of any un-depreciated assets; and charges associated with onerous store locations, offset in part by premiums received.

During the period, we closed 31 trading stores, ten of which attracted a total of £0.8m exit premiums, a further £1.4m losses on disposals have been recognised as a result of asset write offs and other associated disposal fees. Set against this we received £0.6m of disposal proceeds, arriving at a net loss on disposal of £1.6m. We also successfully disposed of three non-trading stores, removing us from all future liabilities associated with the properties, at a total cost of £1.5m. We had previously provided £1.2m onerous lease provision for these stores. The resulting shortfall of £0.3m has been charged to the P&L.

At 2 May 2015 there were 14 vacant properties in the UK and three in the Republic of Ireland classed as onerous leases, against which we carried a provision. There were no additions or re-openings of onerous stores during the period therefore there were 14 onerous stores remaining at the end of the financial period.

Earnings per share

Underlying earnings per share increased to 9.5p (H1 FY15: 7.6p) reflecting the growth in underlying profitability of the Group.

Basic earnings per were 7.3p (H1 FY15: 7.6p).

Dividend

The Board has decided not to pay an interim dividend (H1 FY15: nil).

Balance sheet

The Group has net assets of £64.1m (Year end FY15: £59.5m) an increase of £4.6m since 2 May 2015.

Summary Balance sheet

	31 Oct 2015 £m	2 May 2015 £m	Movement £m
Freehold and long leasehold property	**62.2**	64.9	(2.7)
Other non current assets	**106.8**	106.5	0.3
Stock	**33.9**	34.1	(0.2)
Trade & other current assets	**22.2**	25.2	(3.0)
Creditors < 1 year	**(94.8)**	(97.9)	3.1
Creditors > 1 year	**(67.0)**	(69.8)	2.8
Net cash/(debt)	**4.1**	0.5	3.6
Pension deficit	**(3.3)**	(4.0)	0.7
Net Assets	**64.1**	59.5	4.6

The Group owns a significant property portfolio, most of which is used for retail purposes. The carrying values are supported by a combination of value-in-use and independent valuations.

Net debt and cash flow

Group net cash at 31 October 2015 was £4.1m, a favourable movement of £3.6m from the year end FY15 net cash position of £0.5m.

The increase in cash was driven by the underlying operating profit performance, offset in part by a £2.1m cash outflow related to provisions; £0.4m contributions to closed defined benefit pension schemes; and a £1.8m increase in working capital. The increase in working capital was primarily attributable to a combination of the amortisation of deferred income property incentives; lower level of expenditure accruals associated with cost reduction activity, offset in part by a favourable change in terms with the external provider of interest free credit.

The resulting net inflow of cash generated by operations of £11.8m (H1 FY15: £19.1m) was offset by net capital expenditure, corporation tax payments and interest outflows totalling £8.0m (H1 FY15: £5.0m).

The Group's average cost of funding was 5.6% (H1 FY15: 5.4%) with an average period end net debt of £6.8m (H1 FY15: £10.8m).

Summary cash flow

	H1 FY16 £m	H1 FY15 £m
Underlying operating profit	**10.0**	7.4
Depreciation and non-cash items	**6.8**	7.3
(Increase)/Decrease in stock	**-**	(2.7)
(Increase)/Decrease in working capital	**(1.8)**	9.9
Net (expenditure)/proceeds on exit of operating leases	**(0.7)**	0.5
Contributions to pension schemes	**(0.4)**	(0.5)
Provisions paid	**(2.1)**	(2.8)
Cash generated by operations	**11.8**	**19.1**
Net interest paid	**(1.5)**	(0.7)
Corporation tax paid	**(1.3)**	0.3
Net capital expenditure	**(5.2)**	(4.6)
Free cash flow	**3.8**	**14.1**
Dividends paid	**-**	-
Other	**(0.2)**	0.2
Movement in net debt	3.6	14.3
Opening net cash/(debt)	**0.5**	(11.1)
Closing net cash/(debt)	**4.1**	3.2

Gross capital expenditure was £6.0m (H1 FY15: £4.6m), with this spend split on new stores and refurbishment programme of £3.7m and the investment in store systems of £2.3m. After allowing for proceeds from freehold property disposals, net capital expenditure was £5.2m (H1 FY15: £4.6m).

	H1 FY16 £m	H1 FY15 £m
Capital expenditure	**(6.0)**	(4.6)
Net proceeds from freehold property disposals	**0.8**	-
Net capital (expenditure)/receipts	**(5.2)**	(4.6)

Current liquidity

At the year-end the Group held cash balances of £8.6m (H1 FY15: £8.3m), principally a combination of Sterling and Euros. Gross bank borrowings at the balance sheet date were £2.2m (H1 FY15: £2.8m), all of which were drawn down from overdraft facilities. The Group had further undrawn facilities of £55.7m at the balance sheet date.

In April 2015, the Group completed a refinancing arrangement of its principal facilities, providing approximately £58m of debt capacity split between revolving credit facilities and overdrafts in a mixture of Sterling and Euro currencies. The revolving credit facility matures in July 2019. Arrangement fees and legal costs will be amortised over the life of the facility, although paid in cash at the outset. The facilities contain financial covenants which are believed to be appropriate in the current economic climate and tested on a quarterly basis, against which the Group monitors compliance.

Pensions

At 31 October 2015 the IAS 19 net retirement benefit deficit was £3.3m (2 May 2015: £4.0m). The discount rate was 3.7% (2 May 2015: 3.4%), reflecting prevailing corporate bond rates. This higher discount rate resulted in a reduction in the schemes liabilities and when combined with company contributions, more than offset the reduction in market value of the plan's assets.

The Company agreed a recovery plan with the Trustees in 2015 and this will be reviewed following the completion of the next triennial valuation, which will be performed as at 5 April 2017.

Neil Page
Group Finance Director
14 December 2015

Condensed consolidated income statement
for 26 weeks ended 31 October 2015

		26 weeks to 31 October 2015			26 weeks to 25 October 2014			53 weeks to 2 May 2015		
	Notes	**Before Exceptional items £m**	**Exceptional Items (note 5) £m**	**Total £m**	Before Exceptional items £m	Exceptional Items (note 5) £m	Total £m	Before Exceptional items £m	Exceptional Items (note 5) £m	Total £m
Revenue	4	**231.2**	-	**231.2**	227.9	-	227.9	469.8	-	469.8
Cost of sales		**(91.3)**	-	**(91.3)**	(87.6)	-	(87.6)	(182.6)	-	(182.6)
Gross profit		**139.9**	-	**139.9**	140.3	-	140.3	287.2	-	287.2
Administration expenses		**(130.7)**	-	**(130.7)**	(134.0)	-	(134.0)	(273.5)	(7.2)	(280.7)
Other operating income/(loss)		**0.8**	**(1.9)**	**(1.1)**	1.1	-	1.1	2.1	(0.4)	1.7
Operating profit/(loss)	4	**10.0**	**(1.9)**	**8.1**	7.4	-	7.4	15.8	(7.6)	8.2
Finance costs	6	**(1.0)**		**(1.0)**	(0.7)	-	(0.7)	(1.6)	-	(1.6)
Profit/(loss) before tax		**9.0**	**(1.9)**	**7.1**	6.7	-	6.7	14.2	(7.6)	6.6
Tax	7	**(2.5)**	**0.4**	**(2.1)**	(1.5)	-	(1.5)	(3.7)	1.6	(2.1)
Profit/(loss) for the financial period attributable to owners of the Company		**6.5**	**(1.5)**	**5.0**	5.2	-	5.2	10.5	(6.0)	4.5
Basic earnings per share (pence)	8	**9.5**	**(2.2)**	**7.3**	7.6	-	7.6	15.5	(8.8)	6.7
Diluted earnings per share (pence)	8	-	-	**7.3**	-	-	7.6	-	-	6.7

All material items in the income statement arise from continuing operations.

Condensed consolidated statement of comprehensive income
for 26 weeks ended 31 October 2015

	Notes	**26 weeks to 31 October 2015 £m**	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
Profit for the financial period		**5.0**	5.2	4.5
Items that will not be reclassified to the income statement:				
Re-measurements of defined benefit plans	14	**0.4**	(0.4)	(1.4)
Tax on items that will not be reclassified to the income statement		**(0.1)**	-	0.1
Total items that may not be reclassified to the income statement		**0.3**	(0.4)	(1.3)
Items that may be reclassified to the income statement:				
Exchange loss		**(1.1)**	(1.8)	(5.3)
Tax on items may be reclassified subsequently to the income statement		**-**	-	-
Total items that may be reclassified to the income statement		**(1.1)**	(1.8)	(5.3)
Other comprehensive loss for the period		**(0.8)**	(2.2)	(6.6)
Total comprehensive income/(loss) for the period attributable to owners of the Company		**4.2**	3.0	(2.1)

The notes on pages 20 to 25 form an integral part of this consolidated interim financial information.

Condensed consolidated statement of changes in equity
for 26 weeks ended 31 October 2015

	Share capital £m	Share premium £m	Treasury shares £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total £m
At 3 May 2015	**0.7**	**17.4**	**(0.4)**	**0.1**	**0.1**	**41.6**	**59.5**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**5.0**	**5.0**
Other comprehensive income/(expense) for the period	**-**	**-**	**-**	**-**	**(1.1)**	**0.3**	**(0.8)**
Total comprehensive income for the financial period	**-**	**-**	**-**	**-**	**(1.1)**	**5.3**	**4.2**
Issue of new shares	**-**	**0.3**	**-**	**-**	**-**	**-**	**0.3**
Shares purchased by employee benefit trust	**-**	**-**	**(0.4)**	**-**	**-**	**-**	**(0.4)**
Share-based payments and related tax	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
At 31 October 2015	**0.7**	**17.7**	**(0.8)**	**0.1**	**(1.0)**	**47.4**	**64.1**

	Share capital £m	Share premium £m	Treasury shares £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total £m
At 27 April 2014	0.7	17.2	(0.3)	0.1	5.4	38.0	61.1
Profit for the period	-	-	-	-	-	5.2	5.2
Other comprehensive income/(expense) for the period	-	-	-	-	(1.8)	(0.4)	(2.2)
Total comprehensive income for the financial period	-	-	-	-	(1.8)	4.8	3.0
Share-based payments and related tax	-	-	-	-	-	0.2	0.2
At 25 October 2014	0.7	17.2	(0.3)	0.1	3.6	43.0	64.3

The notes on pages 20 to 25 form an integral part of this consolidated interim financial information.

Condensed consolidated balance sheet
as at 31 October 2015

	Notes	31 October 2015 £m	25 October 2014 £m	2 May 2015 £m
Assets				
Non-current assets				
Intangible assets	13	**56.0**	57.7	56.1
Property, plant and equipment	13	**92.8**	101.6	94.6
Investment property		**17.8**	17.7	17.9
Deferred tax assets		**1.9**	2.6	2.2
Trade and other receivables		**0.5**	0.7	0.6
Total non-current assets		**169.0**	180.3	171.4
Current assets				
Inventories		**33.9**	36.1	34.1
Trade and other receivables		**22.2**	22.6	25.2
Cash and cash equivalents	10	**8.6**	8.3	7.3
Total current assets		**64.7**	67.0	66.6
Total assets		**233.7**	247.3	238.0
Liabilities				
Current liabilities				
Trade and other payables		**(92.0)**	(102.8)	(95.6)
Obligations under finance leases	10	**(0.1)**	(0.1)	(0.1)
Borrowings and overdrafts	10	**(2.2)**	(2.7)	(4.4)
Current tax liabilities		**(2.8)**	(6.0)	(2.3)
Total current liabilities		**(97.1)**	(111.6)	(102.4)
Non-current liabilities				
Trade and other payables		**(37.0)**	(37.5)	(37.7)
Obligations under finance leases	10	**(2.2)**	(2.3)	(2.3)
Provisions for liabilities and charges	11	**(14.7)**	(12.0)	(16.9)
Deferred tax liabilities		**(15.3)**	(16.3)	(15.2)
Retirement benefit obligations	14	**(3.3)**	(3.3)	(4.0)
Total non-current liabilities		**(72.5)**	(71.4)	(76.1)
Total liabilities		**(169.6)**	(183.0)	(178.5)
Net assets		**64.1**	64.3	59.5
Equity				
Share capital		**0.7**	0.7	0.7
Share premium		**17.7**	17.2	17.4
Treasury shares		**(0.8)**	(0.3)	(0.4)
Other reserves		**46.5**	46.7	41.8
Total equity attributable to shareholders of the company		**64.1**	64.3	59.5

The notes on pages 20 to 25 form an integral part of this consolidated interim financial information.

Condensed consolidated statement of cash flows
for 26 weeks ended 31 October 2015

	Note	**26 weeks to 31 October 2015 £m**	*26 weeks to 25 October 2014 £m	*53 weeks to 2 May 2015 £m
Cash flows from operating activities				
Profit before tax		**7.1**	6.7	6.6
Adjusted for:				
Depreciation and amortisation		**6.3**	6.9	13.6
Loss on property disposals	5	**1.9**	-	0.4
Exceptional non-cash items	5	**-**	-	7.2
Share based compensation and other non-cash items		**0.5**	0.4	0.4
Net finance costs		**1.0**	0.7	1.6
Operating cash flows before movements in working capital		**16.8**	14.7	29.8
(Increase)/decrease in inventories		**-**	(2.7)	(1.0)
(Increase)/decrease in trade and other receivables		**3.8**	(3.0)	(5.7)
Increase/(decrease) in trade and other payables		**(6.0)**	12.4	5.4
Net (expenditure)/proceeds on exit of operating leases		**(0.7)**	0.5	1.0
Provisions paid		**(2.1)**	(2.8)	(4.6)
Cash generated by operations		**11.8**	19.1	24.9
Interest paid		**(1.5)**	(0.7)	(1.6)
Corporation taxes received/(paid)		**(1.3)**	0.3	(4.4)
Net cash flows from operating activities		**9.0**	18.7	18.9
Cash flows from investing activities				
Purchases of intangible assets		**(1.5)**	(1.0)	(1.7)
Purchases of property, plant and equipment and investment property		**(4.5)**	(3.6)	(7.1)
Proceeds on disposal of property, plant, equipment & investment property		**0.8**	-	1.2
Net cash generated used in investing activities		**(5.2)**	(4.6)	(7.6)
Cash flows from financing activities				
Issue of new shares		**0.3**	-	0.2
Purchase of treasury shares by employee benefit trust		**(0.4)**	-	(0.1)
Repayment of finance lease obligations	10	**(0.2)**	-	-
Movement in borrowings	10	**-**	(3.6)	(4.1)
Net cash used in financing activities		**(0.3)**	(3.6)	(4.0)
Net increase in cash and cash equivalents in the period	10	**3.5**	10.5	7.3
Cash and cash equivalents at the beginning of the period		**2.9**	(4.5)	(4.5)
Exchange differences		**-**	(0.1)	0.1
Cash and cash equivalents at the end of the period	10	**6.4**	5.9	2.9

*Certain prior year amounts have been reclassified for consistency with the current period presentation, the Group concluded it was appropriate to classify its proceeds received to exit leasehold properties as cash flows relating to operating activities. This has no impact in the Group's reported opening or closing net cash position.

For the purposes of the cash flow statement, cash and cash equivalents are reported net of overdrafts repayable on demand. Overdrafts are excluded from the definition of cash and cash equivalents disclosed in the balance sheet.

The notes on pages 20 to 25 form an integral part of this consolidated interim financial information.

Notes to the financial statements

1. General information

Carpetright plc ("the company"), its subsidiaries (together 'The Group') are engaged in the retail of flooring and bed products through a network of retail stores and other channels located in the UK and continental Europe.

Carpetright plc is a company listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The registered address office is Harris House, Purfleet Bypass, Purfleet, Essex RM19 1TT.

This unaudited condensed consolidated half-yearly information was approved for issue on 14 December 2015.

This interim report does not comprise statutory financial statements within the meaning of Section 434(3) of the Companies Act 2006. It has been reviewed but not audited by the Group's auditors. The unaudited condensed consolidated half-yearly financial information comprises the results for the 26 weeks ended 31 October 2015 and the 26 weeks ended 25 October 2014, and the audited consolidated results for the 53 weeks ended 2 May 2015. The audited information for the 53 weeks ended 2 May 2015 have been extracted from Carpetright plc's Annual Report and Financial Statements, which were approved by the Board of Directors on 29 June 2015 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation

The unaudited condensed consolidated half-yearly information for the 26 weeks ended 31 October 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. It should be read in conjunction with the Annual Report and Financial Statements for the 53 weeks ended 2 May 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Directors confirm that, after considering the expected performance of the business and future cash requirements, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least one year from the date the financial statements were signed. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Financial assets and liabilities and foreign operations are translated at the following rates of exchange:

	26 weeks to 31 October 2015 £m	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
Euro			
Average	**1.39**	1.27	1.28
Closing	**1.40**	1.27	1.36

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the 53 weeks ended 2 May 2015, as described in those Annual Report and Financial Statements.

There are no new standards, amendments to existing standards or interpretations that are effective for the first time in the financial year beginning on 3 May 2015 that would be expected to have a material impact on the Group's result.

Taxes on income for interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the financial statements

4. Segmental analysis

The operating segments have been determined based on reports reviewed by the Board that are used to make strategic decisions.

The reportable operating segments derive their revenue primarily from the retail of floor coverings and beds. Central costs are incurred principally in the UK. As such these costs are included within the UK segment. Sales between segments are carried out at arm's length.

The segment information provided to the Board for the reportable segments for the 26 weeks ended 31 October 2015 is as follows:

	26 weeks to 31 October 2015			26 weeks to 25 October 2014		
	UK £m	**Europe £m**	**Group £m**	UK £m	Europe £m	Group £m
Gross revenue	**201.4**	**32.0**	**233.4**	197.2	33.7	230.9
Inter-segment revenue	**(2.2)**		**(2.2)**	(3.0)	-	(3.0)
Revenues from external customers	**199.2**	**32.0**	**231.2**	194.2	33.7	227.9
Gross profit	**121.5**	**18.4**	**139.9**	119.9	20.4	140.3
Underlying operating profit	**9.4**	**0.6**	**10.0**	7.3	0.1	7.4
Exceptional items	**(1.6)**	**(0.3)**	**(1.9)**	0.1	(0.1)	-
Operating profit	**7.8**	**0.3**	**8.1**	7.4	-	7.4
Finance costs	**(1.0)**	**-**	**(1.0)**	(0.7)	-	(0.7)
Profit before tax	**6.8**	**0.3**	**7.1**	6.7	-	6.7
Tax	**(2.0)**	**(0.1)**	**(2.1)**	(1.5)	-	(1.5)
Profit for the financial period	**4.8**	**0.2**	**5.0**	5.2	-	5.2
Segment assets:						
Segment assets	**197.3**	**80.4**	**277.7**	202.9	88.3	291.2
Inter-segment balances	**(27.6)**	**(16.4)**	**(44.0)**	(25.6)	(18.3)	(43.9)
Balance sheet total assets	**169.7**	**64.0**	**233.7**	177.3	70.0	247.3
Segment liabilities:						
Segment liabilities	**(167.9)**	**(45.7)**	**(213.6)**	(181.6)	(45.3)	(226.9)
Inter-segment balances	**16.4**	**27.6**	**44.0**	18.3	25.6	43.9
Balance sheet total liabilities	**(151.5)**	**(18.1)**	**(169.6)**	(163.3)	(19.7)	(183.0)
Other segmental items:						
Depreciation and amortisation	**5.4**	**0.9**	**6.3**	5.8	1.1	6.9
Additions to non-current assets	**6.7**	**0.8**	**7.5**	4.0	0.6	4.6

Carpetright plc is domiciled in the UK. The Group's revenue from external customers in the UK is £199.2m (H1 FY15: £194.2m) and the total revenue from external customers from other countries is £32.0m (H1 FY15: £33.7m). The total of non-current assets (other than financial instruments and deferred tax assets) located in the UK is £147.1m (H1 FY15: £150.4m) and the total of those located in other countries is £63.9m (H1 FY15: £71.2m).

Carpetright's trade has historically shown no distinct pattern of seasonality with trade cycles more closely following economic indicators such as consumer confidence and mortgage approvals.

Notes to the financial statements

5. Exceptional items

	26 weeks to 31 October 2015 £m	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
Loss on property disposals	**(1.9)**	-	(0.4)
Onerous lease provision	**-**	-	(7.0)
Impairment - stores	**-**	-	(0.2)
Exceptional items before tax	**(1.9)**	-	(7.6)

The Group recorded a net charge of £1.9m (H1 FY15: Nil) in the half year.

During the period, the Group closed 31 trading stores, ten of which attracted a total of £0.8m exit premiums, a further £1.4m losses on disposals have been recognised as a result of asset write offs and other associated disposal fees. Set against this we received £0.6m of disposal proceeds, arriving at a net loss on disposal of £1.6m. We also successfully disposed of three non-trading stores, removing us from all future liabilities associated with the properties, at a total cost of £1.5m. We had previously provided £1.2m onerous lease provision for these stores. The resulting shortfall of £0.3m has been charged to the P&L.

The tax associated to exceptional items amounted to £0.4m credit in the period.

In accordance with IAS 36 assets are reviewed for impairment whenever changes in circumstances indicate that the carrying value may not be recoverable. No impairments were recognised in the 26 weeks to 31 October 2015 and the prior half year.

6. Finance costs

	26 weeks to 31 October 2015 £m	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
Interest on borrowings and overdrafts	**(0.5)**	(0.3)	(0.9)
Fee amortisation	**(0.3)**	(0.2)	(0.4)
Net finance expense on pension scheme obligations	**(0.1)**	(0.1)	(0.2)
Interest on finance lease obligations	**(0.1)**	(0.1)	(0.1)
Finance expense	**(1.0)**	(0.7)	(1.6)

7. Income Tax

	26 weeks to 31 October 2015 £m	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
UK tax expense	**2.0**	1.5	1.4
Overseas tax expenses	**0.1**	-	0.7
Total tax expense	**2.1**	1.5	2.1

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

The taxation charge on profit for the half year was £2.1m (H1 FY15: £1.5m). This is based on a full year effective tax rate of 30.1% (H1 FY15: 22.9%), a variance of 10.1% to the UK corporation tax rate of 20.0% due to effects of non-deductible items, overseas tax rates and other permanent differences.

The full year FY15 effective tax rate was a charge of 31.1%.

Notes to the financial statements

8. Earnings per share

Basic earnings per share is calculated by dividing earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held by the Group's LTIP Trust which are treated as cancelled.

In order to compute diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. Those share options granted to employees and Executive Directors where the exercise price is less than the average market price of the Company's ordinary shares during the period, represent potentially dilutive ordinary shares.

	26 weeks ended 31 October 2015			26 weeks ended 25 October 2014			53 weeks ended 2 May 2015		
	Earnings £m	**Weighted average number of shares Millions**	**Earnings/ (loss) per share Pence**	Earnings £m	Weighted average number of shares Millions	Earnings per share Pence	Earnings £m	Weighted average number of shares Millions	Earnings per share Pence
Basic earnings per share	**5.0**	**68.2**	**7.3**	5.2	67.8	7.6	4.5	67.7	6.7
Effect of dilutive share options	**-**	**0.5**	**-**	-	0.5	-	-	0.4	-
Diluted earnings per share	**5.0**	**68.7**	**7.3**	5.2	68.3	7.6	4.5	68.1	6.7

The Directors have presented an additional measure of earnings per share based on underlying earnings. This is in accordance with the practice adopted by most major retailers. Underlying earnings is defined as profit excluding exceptional items and related tax.

	26 weeks ended 31 October 2015			26 weeks ended 25 October 2014			53 weeks ended 2 May 2015		
	Earnings £m	**Weighted average number of shares Millions**	**Earnings per share Pence**	Earnings £m	Weighted average number of shares Millions	Earnings per share Pence	Earnings £m	Weighted average number of shares Millions	Earnings per share Pence
Basic earnings per share	**5.0**	**68.2**	**7.3**	5.2	67.8	7.6	4.5	67.7	6.7
Adjusted for the effect of exceptional items:									
Exceptional items	**1.9**	**-**	**2.8**	-	-	-	7.6	-	11.1
Tax thereon	**(0.4)**	**-**	**(0.6)**	-	-	-	(1.6)	-	(2.3)
Underlying earnings per share	**6.5**	**68.2**	**9.5**	5.2	67.8	7.6	10.5	67.7	15.5

9. Financial instruments

The condensed interim financial statements do not include all the financial risks management information and disclosures required in the annual financial statements, this should be read in conjunction with the Group's annual financial statements as at 2 May 2015. There have been no changes in the risk management since the year end.

The Group has no financial assets or liabilities that are measured at fair value.

Borrowings are measured at amortised costs, and the Directors are of the opinion that the carrying value of the borrowings are approximate to their fair value. The carrying amount of all other financial assets and liabilities approximate their fair value.

Notes to the financial statements

10. Movement in cash and net debt

	3 May 2015				**31 October 2015**
	Total £m	Cash flow £m	Exchange differences £m	Other non cash £m	**Total £m**
Cash and cash equivalents in the balance sheet	7.3				**8.6**
Bank overdrafts	(4.4)				**(2.2)**
Cash and cash equivalents in the cash flow statement	2.9	3.5			**6.4**
Borrowings					
Current borrowings	-				**-**
Non-current borrowings	-				**-**
	-				**-**
Obligations under finance leases					
Current obligations under finance leases	(0.1)				**(0.1)**
Non-current obligations under finance leases	(2.3)				**(2.2)**
	(2.4)	0.2		(0.1)	**(2.3)**
Net cash/(debt)	0.5	3.7		(0.1)	**4.1**

	27 April 2014				25 October 2014
	Total £m	Cash flow £m	Exchange differences £m	Other non cash £m	Total £m
Cash and cash equivalents in the balance sheet	6.3				8.3
Bank overdrafts	(10.8)				(2.4)
Cash and cash equivalents in the cash flow statement	(4.5)	10.5	(0.1)		5.9
Borrowings					
Current borrowings	(0.3)				(0.3)
Non-current borrowings	(3.8)				-
	(4.1)	3.6		0.2	
Obligations under finance leases					
Current obligations under finance leases	(0.1)				(0.1)
Non-current obligations under finance leases	(2.4)				(2.3)
	(2.5)			0.1	(2.4)
Net cash/(debt)	(11.1)	14.1	(0.1)	(0.3)	3.2

11. Provisions

	Onerous lease provision £m	**Re-organisation provision £m**	**Total £m**
Opening at 3 May 2015	16.6	0.3	16.9
Utilised during the period	(2.0)	(0.1)	(2.1)
Impact of movement in foreign exchange rates	(0.1)	-	(0.1)
Closing balance at 31 October 2015	**14.5**	**0.2**	**14.7**
Opening at 27 April 2014	13.4	1.5	14.9
Utilised during the period	(1.8)	(1.1)	(2.9)
Closing balance at 25 October 2014	11.6	0.4	12.0

Notes to the financial statements

12. Dividends

No dividends were paid or proposed in the 26 weeks to 31 October 2015 or in the 26 weeks to 25 October 2014.

13. Capital expenditure

During the period, additions were £1.5m (H1 FY15: £1.0m) on intangible assets and £5.9m (H1 FY15: £3.6m) on the acquisition and fit out of stores. Net proceeds from the sale of assets during the period are £0.8m (H1 FY15: Nil).

Capital commitments contracted but not provided for at the end of the period are £0.7m (H1 FY15: £nil) for new store computer systems and £nil (H1 FY15: £0.2m) for store fit outs.

14. Retirement benefit obligation

	26 weeks to 31 October 2015 £m	26 weeks to 25 October 2014 £m	53 weeks to 2 May 2015 £m
Deficit in scheme at beginning of period	**(4.0)**	(3.3)	(3.3)
Net interest expense	**(0.1)**	(0.1)	(0.2)
Employer contributions	**0.4**	0.5	0.9
Actuarial gains/(losses)	**0.4**	(0.4)	(1.4)
Deficit in scheme at end of period	**(3.3)**	(3.3)	(4.0)
Fair value of pension scheme assets	**25.9**	24.0	26.8
Present value of pension scheme obligations	**(29.2)**	(27.3)	(30.8)
Retirement benefit obligations	**(3.3)**	(3.3)	(4.0)

The key assumptions used, determined in conjunction with independent qualified actuaries, are:

	26 weeks to 25 October 2015 %	26 weeks to 25 October 2014 %	53 weeks to 2 May 2015 %
RPI inflation	**3.2**	3.2	3.2
Discount rate	**3.7**	3.9	3.4

The mortality rates assumptions are taken from the S1NXA with medium cohort improvements, at a minimum of 1% pa.

The amount of the deficit varies if the main financial assumptions change, particularly the discount rate. If the discount rate increased/decreased by 0.1% the IAS 19 deficit would decrease/increase by approximately £0.5m.

15. Related party transactions

The Group has no transactions with related parties are companies other than its subsidiaries.

16. Events after the reporting period

There have been no events after the reporting period that require further disclosure or have a material impact on the interim financial statements.

Principal risks and uncertainties

The Group operates a structured risk management process which identifies and evaluates risks and uncertainties and reviews mitigating activity.

The Board considers 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 page 19 of the 2015 Annual Report and Accounts, which are available on our website www.carpetright.plc.uk.

Forward looking statements

Certain statements in this half year report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Statement of Directors' responsibilities

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The Directors of Carpetright plc are listed in the Carpetright plc Annual Report for 2 May 2015, and on the Group's corporate website www.carpetright.plc.uk.

By order of the Board

Wilf Walsh
Chief Executive

Neil Page
Group Finance Director

14 December 2015

Independent review report to Carpetright plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Carpetright Plc for the 26 week period ended 31 October 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Carptright plc, comprise:

- The Condensed consolidated balance sheet as at 31 October 2015;
- The Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- The Condensed consolidated statement of changes in equity for the period then ended;
- The Condensed consolidated statement of cash flows for the period then ended; and
- The explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
The condensed consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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 United Kingdom. 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.

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 consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the condensed consolidated interim financial statements, 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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
14 December 2015
1 Embankment Place, London, WC2N 6RH

Notes:

(a) The maintenance and integrity of the Carpetright plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.