# PARK GROUP PLC

('Park' or 'the Company' or 'the Group')

## INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017

**28 November 2017**

Park Group is the UK's leading multi-retailer, gift voucher and prepaid gift card business focused on the corporate and consumer markets. Park's business is seasonal and the first half of the year is traditionally loss making with the bulk of annual revenues and profit generated in the second half.

Key points: Financial

- Billings increased 7.3 per cent to £105.5m (2016 - £98.3m)
- Group revenue rose 3.1 per cent at £74.7m (2016 - £72.4m)
- Seasonal operating loss was £2.2m (2016 – loss £1.6m) reflecting the larger scale of the business
- Interest receipts were £0.7m (2016 - £0.8m) on average cash balances of £166.1m (2016 - £156.7m)
- Seasonal loss before tax £1.6m (2016 – loss £0.8m)
- Dividend raised 5.3 per cent to 1.00p per share (2016 - 0.95p per share)
- Cash balances peaked at record £229m (2016 - £217m)

Key points: Operations

- Solid performance and growth across both our corporate and consumer businesses
- Corporate billings increased 7.7 per cent to £74.0m (2016 - £68.7m)
- Consumer billings rose by 6.3 per cent to £31.4m (2016 - £29.6m)
- Order books running well ahead of comparable period last year
- Over £13m of orders already placed for Christmas 2018 via our enhanced consumer-focused mobile app
- 31 client businesses using Love2shop Worldwide to incentivise and reward their staff and customers across a number of different countries including the UK, Ireland, Italy, India, Australia and USA

Laura Carstensen, non-executive Chairman, commented: "The performance of the first half is being maintained across our corporate and consumer businesses, with trading continuing in line with the Board's expectations.

"Our operations are expanding as we capitalise on the opportunities generated by ongoing enhancement of our product ranges, enabling us to grow our customer base, while also reaching new markets and territories."

**Enquiries:**


| **Park Group plc** | **Arden Partners plc** | **Tavistock** |
|---|---|---|
| Chris Houghton<br>Martin Stewart | Steve Douglas<br>Benjamin Cryer | Andrew Dunn<br>Jeremy Carey<br>Sophie Praill |
| Tel: 0151 653 1700 | Tel: 020 7614 5917 | Tel: 020 7920 3150 |

## CHAIRMAN'S INTERIM STATEMENT

Park Group has delivered another solid performance in the six months to 30 September 2017, providing the Group with an excellent platform from which to maintain momentum into the second half.

Our sustained progress over recent years is attributable to the success of our ongoing programme of product innovation using the latest in digital communication technologies. Product development and enhancement is focused on the internet, mobile smart phones and social media channels. These are used to offer corporate and consumer customers a range of incentive, reward and Christmas products, backed by closer, more efficient customer interaction and the highest levels of customer service.

### Group financial highlights

More than three quarters of the Group's billings are generated in the second half of the year due to the seasonal nature of our business, meaning that the first half is generally loss making and this trend is again reflected in this year's results. However, the first half is a period of intense activity and is very important for the Group's performance as it lays the foundations for the full year's result, as orders are secured and managed during the period, to be delivered during the second half.

Customer billings at the Group level increased significantly in the six months to 30 September 2017, rising 7.3 per cent to £105.5m (2016 - £98.3m) while Group revenue was ahead of the same period last year by 3.1 per cent at £74.7m (2016 - £72.4m). Encouraging performance and growth was achieved across both our corporate and consumer businesses.

The operating loss was £2.2m (2016 - loss £1.6m) reflecting the larger scale of the business. Interest receipts were £0.7m (2016 - £0.8m) on average cash balances of £166.1m (2016 - £156.7m) producing a pre-tax loss of £1.6m (2016 – loss £0.8m). Total cash balances, including cash held in trust at 30 September, were £199.6m (2016 - £198.7m). Balances continued to rise after the period end, peaking at a record £229m (2016 – £217m) at the beginning of November. The end of period cash balances and the cash peak were affected by the decision of a number of customers to take products earlier than usual during the calendar year. This change in customer behaviour has required the Company to bring forward certain stock purchases in order to satisfy earlier deliveries.

### Interim Dividend

The board has declared an interim dividend of 1.00p per share (2016 - 0.95p). The dividend will be paid on 6 April 2018 to shareholders on the register on 2 March 2018.

### Operations

The corporate business, offering extensive ranges of reward and incentivisation products, delivered a billings increase of 7.7 per cent to £74.0m (2016 - £68.7m). Park's Love2shop Business Services operation is one of the leading providers of reward and incentivisation solutions to UK companies, and now services more than 31,000 client organisations.

Park tailors its schemes to meet each individual organisation's needs, as they use our systems to incentivise, recognise and reward their own staff or end customers. The business offers a variety of products, from Park's own multi-retailer vouchers and gift cards, to single-store vouchers and gift cards, gift experiences and holidays. The business also offers an array of online programme management solutions, which can help clients to cost-effectively run and manage their schemes and communicate more effectively with their end users.

Love2shop Business Services has now fully integrated the acquisition of Fisher Moy International (FMI) which is operating as its customer engagement arm and the expanded capability is performing well. Among new business won by the enlarged division has been a global automotive manufacturer, which is using Park's platform to launch rewards products in 16 countries. Another contract win has been a major UK trade incentive programme with communication and engagement opportunities set to launch in January.

Evolve, our digital reward medium, launched in June 2016, continues to make excellent progress with a further increase in billings from its rapidly expanding customer base. Evolve is a sophisticated product which uses the latest technology to provide instant and branded digital reward codes to customers and employees, enabling them to redeem value instantly.

In May 2017, we announced the global expansion of our Evolve platform, with the launch of Love2shop Worldwide, which was adopted by a number of major organisations in the first few weeks after launch. Today, 31 client businesses are using Love2shop Worldwide to incentivise and reward their staff and customers across a number of different countries including the UK, Ireland, Italy, India, Australia and USA. We continue to see growing demand for this new and innovative capability and look forward to updating shareholders as to further progress at the year end.

In the period under review, billings to the incentive market were more than 6 per cent ahead of the same period last year while billings to employee benefits customers rose by close to 18 per cent.

We have secured a number of important new customers during the period. Our platforms are proving popular as they offer corporate customers the ability to take advantage of the freedom and flexibility provided by self-service, so that they can manage the order process themselves, at a time of their choosing, principally through the internet or mobile smart phones.

Our long-established consumer business enables customers to plan and prepare for the festive season in a careful and controlled manner, as they pay for products over many months, smoothing out the cost, then receive their orders in time for Christmas. The business delivered another pleasing performance with consumer billings in the first half, advancing by 6.3 per cent to £31.4m (2016 - £29.6m).

The consumer business books most of its orders in the early months of the calendar year for delivery in the period running up to the festive season. This timetable gives the Company a clear indication of the likely outturn for the financial year at an early stage. We are encouraged that the order book is some 4 per cent ahead of the same time last year.

In January 2017, we launched a mobile app, which gives our consumer customers an additional and convenient method of communicating with us. The app, developed in response to customer feedback, has been well received by our customers with a growing volume of business now coming via the app. To date there have been in excess of 46,000 downloads and over £13m of orders placed via the app for Christmas 2018.

The number of consumer customers using direct debit to renew their programmes each year continues to increase. This form of payment is convenient and useful for the customer, and also benefits the Company as it reduces administration time and cost while ensuring that customers do not miss the opportunity to commence new programmes promptly and begin preparing for the following Christmas immediately.

The marketing campaign for the 2018 festive season is already underway and it is encouraging to note that, at this early stage, the value of orders booked is well ahead of the level at the same time last year.

**CEO Succession**

Earlier this month, we were pleased to announce that after a comprehensive recruitment process, Ian O'Doherty will be appointed to succeed Chris Houghton as Park's CEO. Ian has extremely relevant experience and a long and successful background in banking, payments and card services gained during 26 years at MBNA Limited, latterly as Chairman and CEO. He will join the Company on 2 January 2018 and will work with Chris to execute a thorough handover and smooth transition. Following the announcement of the Company's final results in June 2018, Chris will leave the Company, after more than 30 years of dedicated service, where he has made an immense contribution to the success and direction of the business.

**Outlook**

The performance of the first half is being maintained across our corporate and consumer businesses, with trading in line with expectations.

Our operations are expanding as we capitalise on the opportunities generated by ongoing enhancement of our product ranges, enabling us to grow our customer base, while also reaching new markets and territories.

Park is an innovative, technology enabled business but the core focus remains on preserving our long track record in outstanding customer service. We continue to listen carefully to the preferences of customers on both sides of our business and will remain agile, continually refreshing our offering to match their requirements and continuing to deliver specialist products and services with maximum efficiency. We believe that these values have helped us to evolve and achieve consistent growth over the previous few years.

These values, coupled with a debt free balance sheet and strong cash generation characteristics, enable us to look forward to the future with confidence.

**Laura Carstensen**
**Chairman**
**28 November 2017**

**PARK GROUP PLC**

## CONSOLIDATED INCOME STATEMENT
## FOR THE HALF YEAR TO 30 SEPTEMBER 2017

| | Notes | Unaudited Half Year to 30.09.17 £'000 | Unaudited Half Year to 30.09.16 £'000 | Audited Year to 31.03.17 £'000 |
|---|---|---|---|---|
| Billings | | **105,463** | 98,273 | 404,512 |
| Revenue | | **74,703** | 72,446 | 310,927 |
| Cost of sales | | **(68,416)** | (66,525) | (280,758) |
| Gross profit | | **6,287** | 5,921 | 30,169 |
| Distribution costs | | **(616)** | (599) | (2,940) |
| Administrative expenses | | **(7,908)** | (6,907) | (16,348) |
| Operating (loss)/profit | | **(2,237)** | (1,585) | 10,881 |
| Finance income | | **666** | 825 | 1,472 |
| Finance costs | | **-** | - | (2) |
| (Loss)/profit before taxation | | **(1,571)** | (760) | 12,351 |
| Taxation | 2 | **298** | 152 | (2,452) |
| **(Loss)/profit for the period attributable to equity holders of the parent** | | **(1,273)** | (608) | 9,899 |
| (Loss)/earnings per share | 3 | | | |
| - basic (p) | | **(0.69)** | (0.33) | 5.38 |
| - diluted (p) | | **(0.69)** | (0.33) | 5.29 |

All activities derive from continuing operations.

**PARK GROUP PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE HALF YEAR TO 30 SEPTEMBER 2017**

| | **Unaudited Half Year to 30.09.17 £'000** | Unaudited Half Year to 30.09.16 £'000 | Audited Year to 31.03.17 £'000 |
|---|---|---|---|
| **(Loss)/profit for the period** | **(1,273)** | (608) | 9,899 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurement of defined benefit pension schemes | **-** | - | 572 |
| Deferred tax on defined benefit pension schemes | **-** | - | (97) |
| | **-** | - | 475 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign exchange translation differences | **(24)** | (37) | (28) |
| **Other comprehensive income for the period net of tax** | **(24)** | (37) | 447 |
| **Total comprehensive income for the period attributable to equity holders of the parent** | **(1,297)** | (645) | 10,346 |

**PARK GROUP PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 30 SEPTEMBER 2017**

| | **Unaudited 30.09.17 £'000** | Unaudited 30.09.16 £'000 | Audited 31.03.17 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | **2,202** | 1,320 | 2,202 |
| Other intangible assets | **2,549** | 2,916 | 2,682 |
| Property, plant and equipment | **7,691** | 7,961 | 7,688 |
| Retirement benefit asset | **1,827** | 1,367 | 1,827 |
| | **14,269** | 13,564 | 14,399 |
| **Current assets** | | | |
| Inventories | **23,127** | 14,447 | 2,632 |
| Trade and other receivables | **10,955** | 8,534 | 9,096 |
| Tax receivable | **310** | 252 | - |
| Other financial assets | **-** | - | 200 |
| Monies held in trust | **194,240** | 169,411 | 83,018 |
| Cash and cash equivalents | **7,760** | 32,560 | 34,236 |
| | **236,392** | 225,204 | 129,182 |
| **Total assets** | **250,661** | 238,768 | 143,581 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | **(186,629)** | (179,829) | (82,602) |
| Tax payable | **-** | - | (1,272) |
| Provisions | **(58,138)** | (56,319) | (46,164) |
| | **(244,767)** | (236,148) | (130,038) |
| **Non-current liabilities** | | | |
| Deferred tax liability | **(194)** | (181) | (194) |
| Retirement benefit obligation | **(625)** | (1,378) | (924) |
| | **(819)** | (1,559) | (1,118) |
| **Total liabilities** | **(245,586)** | (237,707) | (131,156) |
| **Net assets** | **5,075** | 1,061 | 12,425 |
| **Equity attributable to equity holders of the parent** | | | |
| Share capital | **3,711** | 3,674 | 3,687 |
| Share premium | **6,137** | 6,132 | 6,137 |
| Retained earnings | **(4,462)** | (8,434) | 2,912 |
| Other reserves | **(311)** | (311) | (311) |
| **Total equity** | **5,075** | 1,061 | 12,425 |

**PARK GROUP PLC**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £'000 | Share premium £'000 | Other reserves £'000 | Retained earnings £'000 | Unaudited Total equity £'000 |
|---|---|---|---|---|---|
| Balance at 1 April 2017 | **3,687** | **6,137** | **(311)** | **2,912** | **12,425** |
| **Total comprehensive income for the period** | | | | | |
| Loss | **-** | **-** | **-** | **(1,273)** | **(1,273)** |
| Other comprehensive income | | | | | |
| Foreign exchange translation adjustments | **-** | **-** | **-** | **(24)** | **(24)** |
| Total other comprehensive income | **-** | **-** | **-** | **(24)** | **(24)** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(1,297)** | **(1,297)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Equity settled share-based payment transactions | **-** | **-** | **-** | **(683)** | **(683)** |
| LTIP shares awarded | **24** | **-** | **-** | **(24)** | **-** |
| Dividends | **-** | **-** | **-** | **(5,370)** | **(5,370)** |
| **Total contributions by and distribution to owners** | **24** | **-** | **-** | **(6,077)** | **(6,053)** |
| **Balance at 30 September 2017** | **3,711** | **6,137** | **(311)** | **(4,462)** | **5,075** |
| | | | | | |
| Balance at 1 April 2016 | 3,674 | 6,132 | (311) | (3,070) | 6,425 |
| **Total comprehensive income for the period** | | | | | |
| Loss | - | - | - | (608) | (608) |
| Other comprehensive income | | | | | |
| Foreign exchange translation adjustments | - | - | - | (37) | (37) |
| Total other comprehensive income | - | - | - | (37) | (37) |
| **Total comprehensive income for the period** | - | - | - | (645) | (645) |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Equity settled share-based payment transactions | - | - | - | 333 | 333 |
| Dividends | - | - | - | (5,052) | (5,052) |
| **Total contributions by and distribution to owners** | - | - | - | (4,719) | (4,719) |
| **Balance at 30 September 2016** | 3,674 | 6,132 | (311) | (8,434) | 1,061 |
| | | | | | |
| Balance at 1 April 2016 | 3,674 | 6,132 | (311) | (3,070) | 6,425 |
| **Total comprehensive income for the year** | | | | | |
| Profit | - | - | - | 9,899 | 9,899 |
| Other comprehensive income | | | | | |
| Remeasurement of defined benefit pension schemes | - | - | - | 572 | 572 |
| Tax on defined benefit pension schemes | - | - | - | (97) | (97) |
| Foreign exchange translation adjustments | - | - | - | (28) | (28) |
| Total other comprehensive income | - | - | - | 447 | 447 |
| **Total comprehensive income for the year** | - | - | - | 10,346 | 10,346 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Equity settled share-based payment transactions | - | - | - | 701 | 701 |
| Exercise of share options | - | 5 | - | - | 5 |
| LTIP shares awarded | 13 | - | - | (13) | - |
| Dividends | - | - | - | (5,052) | (5,052) |
| **Total contributions by and distribution to owners** | 13 | 5 | - | (4,364) | (4,346) |
| **Balance at 31 March 2017** | 3,687 | 6,137 | (311) | 2,912 | 12,425 |

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF YEAR TO 30 SEPTEMBER 2017

| | Notes | **Unaudited Half Year to 30.09.17 £'000** | Unaudited Half Year to 30.09.16 £'000 | Audited Year to 31.03.17 £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash (used in)/generated from operations | 4 | **(20,168)** | 5,605 | 9,903 |
| Interest received | | **572** | 625 | 1,540 |
| Interest paid | | **-** | - | (1) |
| Tax paid | | **(1,284)** | (1,119) | (2,258) |
| **Net cash (used in)/ generated from operating activities** | | **(20,880)** | 5,111 | 9,184 |
| **Cash flows from investing activities** | | | | |
| Proceeds from sale of property, plant and equipment | | **1** | - | 1 |
| Purchase of intangible assets | | **(244)** | (239) | (370) |
| Purchase of property, plant and equipment | | **(329)** | (304) | (347) |
| Purchase of investments in subsidiaries | | **-** | - | (876) |
| **Net cash used in investing activities** | | **(572)** | (543) | (1,592) |
| **Cash flows from financing activities** | | | | |
| Proceeds from exercise of share options | | **-** | - | 5 |
| Dividends paid to shareholders | | **(4,515)** | (4,123) | (5,052) |
| **Net cash used in financing activities** | | **(4,515)** | (4,123) | (5,047) |
| **Net (decrease)/ increase in cash and cash equivalents** | | **(25,967)** | 445 | 2,545 |
| Cash and cash equivalents at beginning of period | | **31,362** | 28,817 | 28,817 |
| Cash and cash equivalents at end of period | | **5,395** | 29,262 | 31,362 |
| Cash and cash equivalents comprise: | | | | |
| Cash | | **7,760** | 32,560 | 34,236 |
| Bank overdrafts | | **(2,365)** | (3,298) | (2,874) |
| | | **5,395** | 29,262 | 31,362 |

## SEGMENTAL REPORTING
## FOR THE HALF YEAR TO 30 SEPTEMBER 2017

| | **Unaudited Half Year to 30.09.17 £'000** | Unaudited Half Year to 30.09.16 £'000 | Audited Year to 31.03.17 £'000 |
|---|---|---|---|
| **Billings** | | | |
| Consumer | **31,433** | 29,564 | 216,771 |
| Corporate | **74,030** | 68,709 | 187,741 |
| External billings | **105,463** | 98,273 | 404,512 |
| Consumer | **-** | - | - |
| Corporate | **20,862** | 21,123 | 148,066 |
| Elimination | **(20,862)** | (21,123) | (148,066) |
| Inter-segment billings | **-** | - | - |
| Consumer | **31,433** | 29,564 | 216,771 |
| Corporate | **94,892** | 89,832 | 335,807 |
| Elimination | **(20,862)** | (21,123) | (148,066) |
| Total billings | **105,463** | 98,273 | 404,512 |
| **Revenue** | | | |
| Consumer | **23,924** | 24,042 | 174,184 |
| Corporate | **50,779** | 48,404 | 136,743 |
| External revenue | **74,703** | 72,446 | 310,927 |
| Consumer | **-** | - | - |
| Corporate | **20,862** | 21,123 | 148,066 |
| Elimination | **(20,862)** | (21,123) | (148,066) |
| Inter-segment revenue | **-** | - | - |
| Consumer | **23,924** | 24,042 | 174,184 |
| Corporate | **71,641** | 69,527 | 284,809 |
| Elimination | **(20,862)** | (21,123) | (148,066) |
| Total revenue | **74,703** | 72,446 | 310,927 |
| **Operating (loss)/profit** | | | |
| Consumer | **(1,994)** | (1,349) | 6,460 |
| Corporate | **1,048** | 1,095 | 7,231 |
| All other segments | **(1,291)** | (1,331) | (2,810) |
| (Loss)/profit before interest | **(2,237)** | (1,585) | 10,881 |

## NOTES TO THE INTERIM RESULTS

### (1) Basis of preparation

The financial information in this interim report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and the AIM rules of the London Stock Exchange and on the basis of the accounting policies described in Park Group plc's annual report and accounts for the year ended 31 March 2017. These accounting policies have been based on the current standards and interpretations expected to be effective at 31 March 2018. The Group does not expect there to be a significant impact on the results from standards, amendments or interpretations which are available for early adoption but which have not yet been adopted.

IFRS 15 Revenue from Contracts with Customers, introduces a new five-step approach to measuring and recognising revenue from contracts with customers and will be adopted by the group with effect from 1 April 2018. Under IFRS15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Management are continuing to assess the impact of IFRS15 and have reached initial conclusions on all key implementation issues. Based on the work completed to date the key impacts are expected to be as follows :

*Principal and Agent*

Under IFRS15, an entity is a principal (and records revenue on a gross basis) if it controls the promised good or service before transferring it to the customer. An entity is an agent (and records as revenue the net amount that it retains for its agency services) if its role is to arrange for another entity to provide the good or service.

The group earns fees from redeemers of its vouchers and cards and as such acts as an agent of the redeemer. Under IFRS15 these fees will be shown as revenue. Under current accounting policies the group records its revenue gross for vouchers, based on the face value of the voucher less any rebates or discounts.

*Timing of revenue recognition*

Under IFRS15, the group will recognise revenue from its vouchers and cards at the point at which the customer has fully exercised its right to future goods and services. This is usually when the voucher or card has been redeemed with another entity. Under current accounting policies the group recognises revenue for vouchers at the date on which the voucher is received by customers.

Vouchers and cards may be partially or fully redeemed, and the unused amount (i.e. the amount attributable to a customer's unexercised rights to future goods or services) is often referred to as breakage. Under IFRS15 where the group expects to be entitled to a breakage amount, it will recognise the expected breakage as revenue in proportion to the pattern of rights exercised by the customer. Under current accounting policies the group recognises breakage at the date on which the voucher or card is received by customers, except where the customer has the right of redemption for cash, where no breakage is recognised until the card has expired and the right of redemption has lapsed. Because breakage amounts represent a form of variable consideration, when estimating any breakage amount, an entity considers the constraint on variable consideration. That is, the group will not recognise any estimated breakage amounts until it is highly probable that a significant revenue reversal will not occur. If the group cannot determine whether breakage will occur, it will not recognise any amounts as breakage until the likelihood of the customer exercising its rights becomes remote. This may be the case when the group first begins to sell gift cards and has no history of breakage patterns.

*Presentation and disclosure*

The presentation and disclosure requirements of IFRS15 represent a significant change from current practice and will increase the volume of disclosures required in the notes to the financial statements.

The group plans to apply the full retrospective approach when transitioning to the new standard which will result in restated comparatives for prior years on the basis that IFRS15 had always applied.

The group is in the process of quantifying the financial impacts of the above adjustments which are expected to result in the reporting of significantly lower revenues, an immaterial reduction in operating profit and a reduced net asset position at transition.

The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value. In addition this interim financial report does not comply with IAS 34 Interim Financial Reporting, which is not currently required to be applied under AIM rules.

The directors are of the opinion that the financial information should be prepared on a going concern basis, in the light of current trading and the forecast positive cash balances for the foreseeable future.

The financial information included in this interim financial report for the six months ended 30 September 2017 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. A copy of the Group's statutory accounts for the year ended 31 March 2017, on which the auditors gave an unqualified opinion and did not make a statement under section 498 of the Companies Act 2006, has been filed with the registrar of companies.

### (2) Taxation

The taxation credit for the six months to 30 September 2017 has been calculated using an overall effective tax rate of 19.0 per cent which has been applied to the taxable income (half year to 30 September 2016 – 20.0 per cent).

### (3) Earnings per share

Basic earnings per share (eps) is calculated by dividing the earnings 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 in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted eps is based on the following figures:

| | **Half Year to 30.09.17 £'000** | Half Year to 30.09.16 £'000 | Year to 31.03.17 £'000 |
|---|---|---|---|
| **Earnings** | | | |
| Total (loss)/earnings for period | **(1,273)** | **(608)** | 9,899 |

| | **Half Year to 30.09.17** | Half Year to 30.09.16 | Year to 31.03.17 |
|---|---|---|---|
| **Weighted average number of shares** | | | |
| Basic eps – weighted average number of shares | **184,979,921** | 183,706,277 | 183,905,844 |
| Diluting effect of employee share options | **-** | - | 3,331,939 |
| Diluted eps – weighted average number of shares | **184,979,921** | 183,706,277 | 187,237,783 |
| **Basic eps** | | | |
| Weighted average number of ordinary shares in issue | **184,979,921** | 183,706,277 | 183,905,844 |
| Eps (p) | **(0.69)** | (0.33) | 5.38 |
| **Diluted eps** | | | |
| Weighted average number of ordinary shares | **184,979,921** | 183,706,277 | 187,237,783 |
| Eps (p) | **(0.69)** | (0.33) | 5.29 |

**(4) Reconciliation of (loss)/profit for the period to cash (used in)/ generated from operations**

| | **Half Year to 30.09.17** | Half Year to 30.09.16 | Year to 31.03.17 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| (Loss)/profit for the period | **(1,273)** | (608) | 9,899 |
| Adjustments for: | | | |
| Tax | **(298)** | (152) | 2,452 |
| Interest income | **(666)** | (825) | (1,472) |
| Interest expense | **-** | - | 2 |
| Depreciation and amortisation | **703** | 705 | 1,405 |
| Profit on sale of property, plant and equipment | **(1)** | - | - |
| Decrease in other financial assets | **200** | 500 | 300 |
| Increase in inventories | **(20,496)** | (12,265) | (448) |
| (Increase)/decrease in trade and other receivables | **(1,764)** | 395 | 12 |
| Increase in trade and other payables | **103,683** | 100,498 | 4,153 |
| Increase in provisions | **11,973** | 11,552 | 1,397 |
| Increase in monies held in trust | **(111,223)** | (94,192) | (7,797) |
| Decrease in retirement benefit obligation | **(299)** | (299) | (641) |
| Translation adjustment | **(24)** | (37) | (28) |
| Share-based payments | **(683)** | 333 | 669 |
| Cash (used in)/ generated from operations | **(20,168)** | 5,605 | 9,903 |

**(5) Approval**
This statement was approved by the board on 28 November 2017.

**(6) Reports**
A copy of this announcement will be available on the Company's website from today www.parkgroup.co.uk and will be mailed to shareholders on or before 18 December 2017. Copies will also be available for members of the public at the Company's registered office – Valley Road, Birkenhead CH41 7ED and also at the offices of the Company's registrars, Computershare Investor Services PLC, P O Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH.