23 March 2016 **For immediate release**

DFS Furniture plc ("DFS" and the "Group")

Half Year Results

RECORD RESULTS - STRATEGY AND PERFORMANCE ON TRACK

DFS Furniture plc today announces its half year results for the 26 weeks ended 30 January 2016.

Financial Highlights:

- Good sales growth continues: Group gross sales up 7.0% to £461.3 million (H1 2015: £431.2 million)
- EBITDA up 12.3% to £31.0 million (H1 2015 adjusted EBITDA: £27.6 million)
- LTM EBITDA up 7.4% to record £92.6 million (LTM 2015 adjusted EBITDA: £86.2 million)
- Strong free cash flow of £37.7 million (H1 2015: £35.2 million), up 7.1%
- Net debt cover improved further to 1.7x LTM EBITDA
- Interim dividend increased 12.9% to 3.5p (H1 2015: 3.1p)

Operational Highlights:

- Growth strategy on track:
  - Two new DFS stores opened in UK and Republic of Ireland
  - Sofa Workshop and Dwell performing well
  - Exclusive Brands partnership extended
  - Second store opened in The Netherlands
  - Seventh Customer Distribution Centre established, releasing further retail space
  - Continued strong growth in web sales
- CFO succession in place

DFS Chairman Richard Baker said:

"These record results confirm the success of our strategy and the quality of the DFS team at every level. The creation of the Executive Committee further strengthens our already strong operating management, while our CFO succession ensures continuity in this vital role. Our unique, flexible business model combines vertical integration, market-leading scale and omnichannel capabilities with the culture of a family business, providing us with an excellent platform to develop the many further opportunities available to the Group in the UK and internationally with a view to continued long term success."

DFS Chief Executive Officer Ian Filby said:

"I am pleased to report continued good sales growth through the first half of our financial year, reflecting the success of our growth initiatives and the current health of the furniture market environment. Given broadly stable general macro-economic trends in the UK, we have confidence that our strong competitive position and strategic initiatives mean that the Group is well placed to sustain its record of sales growth, market share capture and cash generation over the year as a whole."

Key Performance Indicators

The performance measures below are those applicable to the Group for the period under review. We continue to report KPIs over a twelve month period, in order to balance the effect of seasonality and short term fluctuations which can affect our market from time to time. Prior period measures pre-date the completion of the Group's IPO on 11 March 2015. Other measures typically presented by public companies such as earnings per share for this period reflect historical shareholding structures and are not representative of underlying performance, but will become more relevant for the next financial year.

	H1 FY16	H1 FY15	YoY change	LTM[1] Jan 16	LTM[1] Jan 15	YoY change
Financial KPIs						
Gross sales[2]	£461.3m	£431.2m	+7.0%	£943.2m	£894.5m	+5.4%
Underlying EBITDA[3]	£31.0m	£27.6m	+12.3%	£92.6m	£85.3m	+8.6%
Free cash flow[4]	£37.7m	£35.2m	+7.1%	£73.2m	£73.8m	-0.8%
Cash conversion	121.6%	127.5%	-	79.0%	85.6%	-
Non-financial KPIs						
Number of DFS stores	110	105	+4.8%			
Net Promoter Score	83.2%	73.8%				
Online revenue growth rate	+17.7%	+24.1%				
Growth in Exclusive Brand sales	+54%	+76%				
Stores with converted warehouse space[5]	19	8	+137%			

Notes:

[1] Last Twelve Months – the 52 weeks ended 30 January 2016 are measured relative to the 53 weeks ended 31 January 2015 with no adjustment made for the shorter trading period in the current year.

[2] Gross sales represents amounts payable by customers for goods and services and includes VAT.

[3] Underlying EBITDA means earnings before interest, taxation, depreciation and amortisation, as adjusted for certain material, unusual or non-recurring items which the directors believe are not indicative of the Group's prior period underlying performance, principally the exclusion of initial trading losses associated with newly acquired businesses and the costs relating to the IPO. Initial trading losses are excluded from underlying performance only for the first financial year in which they are incurred.

[4] Free cash flow is the sum of Adjusted EBITDA, less gross capital expenditure and changes in working capital.

[5] Number of stores at half year end.

Analyst Presentation

DFS will be hosting an analyst presentation at 10.30am today. There will be a telephone dial-in facility available on +44 (01452) 542303. The presentation slides will be made available on the Group's website: www.dfscorporate.co.uk. A replay facility will be available for six days after the event. To access the replay please dial +44 (0)1452 550000 and use passcode 64587074.

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About DFS Furniture plc

DFS is the clear market leading retailer of upholstered furniture in the United Kingdom. We design, manufacture, sell and deliver to our customers an extensive range of upholstered furniture products. The business operates a retail network of upholstered furniture stores in the United Kingdom and Europe, together with an online channel. These have been established and developed gradually over more than 45 years of operating history. We attract customers to our stores and website through our substantial and continued investment in nationwide marketing activities and our reputation for high quality products and service, breadth of product ranges and price points and best-in-class consumer financing options.

CHIEF EXECUTIVE'S OPERATING REVIEW

I am pleased to report continued good sales growth through the first half of our financial year, reflecting the success of our strategic initiatives and the current health of the furniture market environment. EBITDA and operating profit have also increased, in line with our expectations, delivering another record result despite the increased operating costs arising from our investment for the future in Dwell, Sofa Workshop and DFS Netherlands. The business has remained highly cash generative, allowing us to further reduce gearing and to pursue the progressive dividend policy we set out at the time of our IPO.

Results

Group gross sales for the 26 weeks ended 30 January 2016 grew by 7.0% to £461.3 million (2015: £431.2 million), comprising a 6.2% increase in DFS sales, together with increased contributions from Sofa Workshop and Dwell. This continues the trend reported in previous periods, with gross sales in the twelve months to 30 January 2016 up 5.4% relative to the comparative twelve month period. Group EBITDA increased by 12.3% to £31.0 million in the first half (2015: adjusted EBITDA of £27.6 million), with an increase of 7.4% over the last twelve months to £92.6 million (LTM 2015: adjusted EBITDA: £86.2 million).

Dividend

The Board has declared an interim dividend of 3.5 pence per share (2015: 3.1 pence), an increase of 12.9%, payable on 22 June 2016 to shareholders on the register at 3 June 2016.

Strategy

We have made further good progress in the implementation of our growth strategy, which is focused on broadening our appeal to customers, extending our presence in the UK, expanding internationally, ensuring optimum utilisation of our retail space, and further developing our omnichannel proposition.

Broadening our appeal to customers

We have continued to pursue a number of initiatives that are successfully increasing our appeal to a broader range of customers in our market place to ensure our continued market leadership in all customer segments. Our Exclusive Brands collections have proved a notable success, contributing both to our retail sales growth with an increase of 54% in the period, and to volumes in our three UK factories, where the majority of these ranges are produced. We have extended our Exclusive Brands partnership agreements with French Connection, House Beautiful and Country Living. In addition, after a successful trial in a small number of our stores, we introduced a Sofa Workshop range of sofas into the majority of DFS stores as part of our Winter Sale, with encouraging results.

Sofa Workshop and Dwell are both growing strongly: Sofa Workshop now has 20 stores, including four alongside DFS stores, while Dwell has 10 stores including five that are alongside or located within DFS stores. Store sizes under these two brands are significantly smaller and therefore generate lower turnover than traditional DFS outlets.

UK and Republic of Ireland DFS store roll-out

We opened one new DFS store in the UK during the first half, in Christchurch (Dorset) in September, while our fourth Republic of Ireland ("ROI") store opened in Limerick in December. We expect to open at least one more store in the traditional DFS store format during the second half, in line with our long-established policy of opening three to five such UK and ROI stores each year. Following the success of our initial DFS small store format trial in Westfield Stratford, we have now identified two further sites to allow the trial to be extended, the first of which will open in The Glades shopping centre in Bromley next month.

International expansion
DFS has been operating in the Netherlands since November 2014, when we opened our first trial store in Cruquius, and we are encouraged by our progress to date. Our second store opened in the Alexandrium shopping mall/retail park in Rotterdam in September 2015, and is trading in line with our expectations. As previously disclosed, our investment in future growth in The Netherlands is expected to lead to an increase in operating costs net of incremental revenue of £2-3 million in the current financial year, and we expect this level of investment to continue in FY17.

DFS Spain, targeting the substantial British expatriate community in the country, was acquired in October 2015 and is trading well following the refit of its showroom in San Javier, Murcia in January 2016.

Retail space optimisation
We have continued to pursue our Customer Distribution Centre ("CDC") conversion programme, converting in-store warehouses into additional retail space and consolidating our warehouse operations into larger, more efficient offsite facilities. During the first half we opened two more CDCs in Bristol and Southampton taking the total to seven and have now released 108,000 sq. ft. of additional selling space across 19 stores, which we have utilised both to offer extended DFS ranges and to begin trials of new Dwell and Sofa Workshop stores alongside or within a DFS store.

We intend to continue the roll-out of the CDC concept with up to five further CDCs opening in the second half of the financial year. This acceleration of the previously announced programme reflects our confidence in the long-term financial benefits that will be realised following retail space conversion, though near-term results will reflect the pre-launch costs relating to that space. We are encouraged by the performance of the trial Dwell and Sofa Workshop stores that have been co-located with DFS whilst noting that this approach delivers incremental sales but also incurs higher operating costs than extending the traditional DFS model. We will provide an update on the outcome of these co-located trials as part of our full year results in October. However in aggregate, our expected returns for FY16 and FY17 from this growth initiative remain unchanged.

Omnichannel
Our market-leading website continues to attract over 40% of all UK upholstery web traffic and to generate double digit percentage growth in our online sales. We have further invested in the platform with the launch of a new product viewer on our website and the introduction of online order tracking, both of which have been positively received by our customers.

We have also utilised online technology to enhance our in-store experience through the roll-out of "Swoosh" furniture visualisation screens. These are currently operating in around half of our DFS stores, allowing us to show products or fabric and colour combinations that are not on display in store on large video screens - adding an element of retail theatre that is undoubtedly helping us to close more sales. This underlines the complementary nature of technology and stores in building the true omnichannel experience that is essential, when today over 70% of our customers begin their research online.

Management and people

As already announced, Bill Barnes, Finance Director on the DFS Group Board, will retire in the summer after almost 13 years with the Group. Nicola Bancroft, who is currently Commercial Financial Director, will become Chief Financial Officer from 1 August 2016. Bill and Nicola have worked closely together for over three years and will complete a smooth handover of responsibilities over our financial year end.

The Board of Directors has overall authority for the management of the Group's business, strategy and development. The Board has established an Executive Committee to formulate and execute strategy subject to the Board's approval. The Executive Committee comprises the CEO, Finance Director and CFO designate together with Tim Stacey (Chief Operations Officer) and Nick Collard (Chief Commercial Officer). The members of this group are designated as 'Persons Discharging Managerial Responsibility' ("PDMRs") for disclosure purposes and are the only PDMRs of the Group other than members of the plc Board.

We rely on the more than 3,900 people who make, sell and deliver our furniture to provide the outstanding customer service that is a key part of DFS's unique proposition. The alignment of employee rewards with improved customer satisfaction through the Net Promoter Score ("NPS") mechanism is continuing to deliver good results, and I am pleased to report a further improvement in our customer NPS performance during the first half. Furthermore, we are delighted to have again obtained external recognition for excellence in employee conditions including the award of Top Employer certification from the Top Employers Institute for 2016.

Team GB Partnership

We are proud to support Team GB's athletes as official homeware partner for the Rio Olympic Games. The forthcoming Olympics provide a significant opportunity to promote our brand with consumers. Our work with a number of athletes as Team GB ambassadors is already improving our operational engagement with employees and we are using the "marginal gains philosophy" to further enhance our service to customers. The partnership provides an excellent platform from which to fulfil our vision of taking DFS from being a great British business to a world class business.

Outlook

It is not clear what the impact of the EU referendum campaign and outcome will be on consumer confidence and sterling; however, given broadly stable general macro-economic trends in the UK, our strong competitive position and our successful strategic initiatives, we believe that the Group is well placed to sustain its record of sales growth, market share capture and cash generation over the year as a whole. Our expectations for the Group's financial results for the full year therefore remain unchanged.

Overall the Group enjoys good prospects to deliver long-term profitable growth, strong cash generation and a progressive dividend policy as one of the UK's best-known brands, a major British manufacturer and the country's leading retailer of upholstered furniture.

Ian Filby
Chief Executive

FINANCIAL REVIEW

This review covers the first half of the financial year up to 30 January 2016. The Group listed in March 2015, so a different pre-IPO capital structure was in place for the whole of the comparative period in the prior year.

The table below is presented in order to show an underlying comparative position for the first half year.

	Underlying £m	**Non underlying £m**	**FY16 Total £m**	Underlying £m	Non underlying £m	FY15 Total £m
EBITDA	**31.0**	**-**	**31.0**	27.6	(3.7)	23.9
Depreciation and amortisation	**(9.0)**	**-**	**(9.0)**	(8.3)	-	(8.3)
Operating profit	**22.0**	**-**	**22.0**	19.3	(3.7)	15.6
Net finance expense	**(5.8)**	**-**	**(5.8)**	(30.0)	-	(30.0)
Profit/(Loss) Before Tax	**16.2**	**-**	**16.2**	(10.7)	(3.7)	(14.4)
Taxation	**(3.5)**	**9.9**	**6.4**	(0.7)	0.4	(0.3)
Profit/(Loss) for the year	**12.7**	**9.9**	**22.6**	(11.4)	(3.3)	(14.7)
Adjusted for:						
Shareholder loan interest	**-**			15.3		
Adjusted profit after tax	**12.7**			3.9		

Sales and revenue

Group gross sales for the first half year increased by 7.0% to £461.3 million (2015: £431.2 million), including a 6.2% increase in DFS sales as well as increased contributions from Dwell and Sofa Workshop. Group revenue grew by 6.9% to £355.8 million (2015: £332.8 million). Gross sales over the last twelve months have increased by 5.4%, with the lower growth rate including the effect of an extra trading week in the prior twelve month period.

Gross margin

Continuing the trend of last year, gross profit increased in the half year at a faster rate than revenue, up 12.2% to £51.5 million (2015: £45.9 million). Our gross margin on goods sold has stabilised after planned investment in price points last year and margin has also been augmented by greater efficiencies in other direct costs. In particular, the continuing growth in our UK store network and online sales has spread the costs of national advertising over a wider revenue base, reducing marketing costs as a proportion of sales.

Our foreign exchange hedging policy will safeguard our gross margin and overall financial results from the current less favourable US dollar exchange rate in the near term. In common with other furniture retailers sourcing from the Far East, should current exchange rates persist, we will consider commercial mitigation to protect gross margins in FY17 onwards.

Central costs

Underlying administrative expenses rose by 12.0% in the half year primarily due to increased staff costs reflecting additional management resource to drive growth initiatives, and the anticipated additional costs associated with our listed status. These 'plc' costs are largely associated with share based remuneration charges and are expected to increase by c.£1 million per annum in each of this and the following financial year.

Operating profit and EBITDA

The net impact of the sales and margin effects noted above was a 12.3% increase in underlying EBITDA for the half year to £31.0 million (2015: £27.6 million), with the EBITDA margin increasing by 40 basis points to 8.7% (2015: 8.3%). Underlying operating profit rose 14.0% to £22.0 million (2015 £19.3 million).

Non-underlying costs of £3.7 million were incurred in the first half of last year, mainly relating to the IPO and the start-up costs of Group's international expansion. Non-recurring costs associated with newly acquired businesses or the establishment of operations in new geographical territories were treated as non-underlying in the first year, in line with our accounting policy but have been expensed as a trading expense in the first half this year.

Finance costs

Interest payable mainly represents the expense associated with the Group's senior bank facility of £200.0 million (together with an undrawn revolving credit facility of £30.0 million). The amount payable in the prior half year reflects the Group's capital structure under its former ownership, which was refinanced on IPO in March 2015.

Tax

The Group has concluded a long-running negotiation with HMRC in respect of the amount of shareholder loan interest allowable for corporation tax in the period of Advent International's ownership. Under the agreement a prior year tax credit of £9.9 million has been recognised in the income statement for the half year and is shown as a non-underlying item. The full amount of corporation tax due in respect of historical periods has been refunded in cash amounting to £6.0 million after the period end reporting date and will be included in the full year cash flow statement.

The underlying effective tax rate excluding the impact of this one-off credit is 21.2%, slightly higher than the UK Corporation Tax rate of 20% applicable in the period.

Earnings per share

Underlying earnings per share ("EPS") for the half year to January 2016 was 6.0 pence. The statutory EPS figures for last year reflect the pre IPO capital structure. In the prior period using the more comparable adjusted earnings of £3.9 million as noted in the table above and the 213.0 million ordinary shares in issue, results in an adjusted EPS for the half year to January 2015 of 1.9 pence per share.

The normal seasonality in the business that can be seen in EBITDA for the first and second half year periods is less evident in EPS because financing costs are not seasonally affected.

Capital expenditure

Gross capital expenditure for the half year was £11.6 million (2015: £12.1 million). The spend primarily related to new store openings, including both new DFS stores in the UK and overseas and the expansion of Sofa Workshop and Dwell, and the roll out of Customer Distribution Centres in the UK. We have also maintained our investment in the refit of existing stores and development of our retail website.

Cash flow and balance sheet

The Group has a robust balance sheet with which to support future growth. We closed the half year with cash of £45.0 million, giving a net debt position of £158.1 million achieving a gearing ratio of 1.7x adjusted LTM EBITDA. Cash flow includes the payment of a full year's dividend in the half year of £19.8 million which was matched in the prior year by returns to previous shareholders pre IPO of £20.0 million.

The net increase in cash over the half year was £4.3 million (2015: £4.1 million decrease) with the improvement mainly due to a reduction in interest payments on financing of £7.3 million.

Dividend

The strength of our cash flow has enabled DFS consistently to both reduce leverage and to return cash to shareholders as part of our total shareholder return. We intend to adopt a progressive dividend policy that reflects the long-term earnings and cash flow potential of the Group, with a dividend pay-out ratio of around 45-50% of profit after tax for the full year, split approximately one-third and two-thirds between interim and final dividends respectively. Given the seasonal earnings fluctuations noted above this split may not match EPS in each half year. We have declared an interim dividend of 3.5p (2015: 3.1p) per share on this basis. In the prior year a single consolidated dividend, comprising both interim and final dividends, was declared at the end of the year.

Bill Barnes
Finance Director

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34;

b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and

c) The interim management report includes a fair review of the information required by DT 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Ian Filby	**Bill Barnes**
Chief Executive	*Finance Director*

23 March 2016

Unaudited condensed consolidated income statement

		26 weeks to 30 January 2016			26 weeks to 31 January 2015			52 weeks to 1 August 2015		
		Underlying	**Non-underlying**	**Total**	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Gross sales	*2*	**461.3**	**-**	**461.3**	431.2	-	431.2	913.1	-	913.1
Revenue	*2*	**355.8**	**-**	**355.8**	332.8	-	332.8	706.1	-	706.1
Cost of sales		**(304.3)**	**-**	**(304.3)**	(286.9)	-	(286.9)	(583.8)	-	(583.8)
Gross profit		**51.5**	**-**	**51.5**	45.9	-	45.9	122.3	-	122.3
Administrative expenses		**(20.5)**	**-**	**(20.5)**	(18.3)	(3.7)	(22.0)	(33.1)	(11.6)	(44.7)
Operating profit before depreciation and amortisation		**31.0**	**-**	**31.0**	27.6	(3.7)	23.9	89.2	(11.6)	77.6
Depreciation		**(7.8)**	**-**	**(7.8)**	(6.9)	-	(6.9)	(14.3)	-	(14.3)
Amortisation		**(1.2)**	**-**	**(1.2)**	(1.4)	-	(1.4)	(2.7)	-	(2.7)
Operating profit	*3*	**22.0**	**-**	**22.0**	19.3	(3.7)	15.6	72.2	(11.6)	60.6
Finance income		**0.1**	**-**	**0.1**	0.1	-	0.1	0.1	-	0.1
Finance expenses	*4*	**(5.9)**	**-**	**(5.9)**	(30.1)	-	(30.1)	(39.0)	(11.0)	(50.0)
Profit before tax		**16.2**	**-**	**16.2**	(10.7)	(3.7)	(14.4)	33.3	(22.6)	10.7
Taxation	*5*	**(3.5)**	**9.9**	**6.4**	(0.7)	0.4	(0.3)	(10.4)	2.9	(7.5)
Profit/(loss) for the period		**12.7**	**9.9**	**22.6**	(11.4)	(3.3)	(14.7)	22.9	(19.7)	3.2
Attributable to:										
Owners of the Company		**12.7**	**9.9**	**22.6**	(9.9)	(3.3)	(13.2)	24.4	(19.7)	4.7
Non-controlling interests		**-**	**-**	**-**	(1.5)	-	(1.5)	(1.5)	-	(1.5)
		12.7	**9.9**	**22.6**	(11.4)	(3.3)	(14.7)	22.9	(19.7)	3.2
Statutory earnings per share										
Basic	*6*	**6.0p**	**4.6p**	**10.6p**	(34.7)p	(11.5)p	(46.2)p	22.4p	(18.1)p	4.3p
Diluted	*6*	**5.9p**	**4.6p**	**10.5p**	(34.7)p	(11.5)p	(46.2)p	22.3p	(18.0)p	4.3p

Unaudited condensed consolidated statement of comprehensive income

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
Profit/(loss) for the period	**22.6**	(14.7)	3.2
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	**0.7**	7.4	7.0
Net change in fair value of cash flow hedges reclassified to profit or loss	**(1.7)**	0.3	(2.3)
Income tax on items that are/may be reclassified subsequently to profit or loss	**0.2**	(1.5)	(0.9)
Other comprehensive income/(expense) for the period, net of income tax	**(0.8)**	6.2	3.8
Total comprehensive income/(expense) for the period	**21.8**	(8.5)	7.0

Attributable to:			
Owners of the Company	**21.8**	(7.0)	8.5
Non-controlling interests	**-**	(1.5)	(1.5)
	21.8	(8.5)	7.0

Unaudited condensed consolidated balance sheet

	30 January 2016 £m	31 January 2015 £m	1 August 2015 £m
Non-current assets			
Property, plant and equipment	**60.6**	55.3	57.6
Intangible assets	**490.4**	489.7	489.3
Other financial assets	**-**	-	1.3
Deferred tax assets	**12.7**	9.4	12.1
	563.7	554.4	560.3
Current assets			
Inventories	**33.9**	33.9	28.3
Other financial assets	**3.6**	4.7	1.1
Trade and other receivables	**23.9**	20.5	25.3
Cash and cash equivalents	**45.0**	49.7	40.7
	106.4	108.8	95.4
Total assets	**670.1**	663.2	655.7
Current liabilities			
Trade payables and other liabilities	**(164.1)**	(356.9)	(145.2)
Provisions	**(6.1)**	(6.0)	(6.1)
Other financial liabilities	**-**	-	(0.8)
Current tax liabilities	**-**	(3.8)	(8.2)
	(170.2)	(366.7)	(160.3)
Non-current liabilities			
Interest bearing loans and borrowings	**(198.1)**	(307.0)	(197.9)
Provisions	**(4.8)**	(4.4)	(4.4)
Other financial liabilities	**(2.9)**	-	-
Other liabilities	**(67.4)**	(69.2)	(69.2)
	(273.2)	(380.6)	(271.5)
Total liabilities	**(443.4)**	(747.3)	(431.8)
Net assets/(liabilities)	**226.7**	(84.1)	223.9
Equity attributable to equity holders of the parent			
Share capital	**319.5**	42.6	319.5
Share premium	**40.4**	-	40.4
Merger reserve	**18.6**	-	18.6
Cash flow hedging reserve	**0.7**	4.7	1.7
Retained earnings	**(152.5)**	(129.0)	(156.3)
Equity attributable to owners of the Company	**226.7**	(81.7)	223.9
Non-controlling interests	**-**	(2.4)	-
Total equity	**226.7**	(84.1)	223.9

Unaudited condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 2 August 2014	42.6	-	-	(3.0)	(113.5)	(0.9)	(74.8)
Loss for the period	-	-	-	-	(13.2)	(1.5)	(14.7)
Other comprehensive income/(expense)	-	-	-	7.7	(1.5)	-	6.2
Total comprehensive income/(expense) for the period	-	-	-	7.7	(14.7)	(1.5)	(8.5)
Dividends	-	-	-	-	(0.9)	-	(0.9)
Capital contribution	-	-	-	-	0.1	-	0.1
Balance at 31 January 2015	42.6	-	-	4.7	(129.0)	(2.4)	(84.1)
Balance at 1 August 2015	319.5	40.4	18.6	1.7	(156.3)	-	223.9
Profit for the period	-	-	-	-	22.6	-	22.6
Other comprehensive income/(expense)	-	-	-	(1.0)	0.2	-	(0.8)
Total comprehensive income/(expense) for the period	-	-	-	(1.0)	22.8	-	21.8
Dividends	-	-	-	-	(19.8)	-	(19.8)
Share based payments	-	-	-	-	0.8	-	0.8
Balance at 30 January 2016	**319.5**	**40.4**	**18.6**	**0.7**	**(152.5)**	**-**	**226.7**

Unaudited condensed consolidated cash flow statement

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
Operating profit	**22.0**	15.6	60.6
Adjustments for:			
Depreciation, amortisation and impairment	**9.0**	8.2	17.0
Gain on sale of property, plant and equipment	**(0.2)**	(0.4)	(0.8)
Share based payment expense	**0.8**	0.1	0.6
Decrease/(increase) in trade and other receivables	**3.8**	5.5	(1.6)
(Increase)/decrease in inventories	**(5.6)**	(5.1)	0.5
Increase in trade and other payables	**18.3**	18.0	2.4
Increase in provisions	**0.4**	0.2	0.2
	48.5	42.1	78.9
Tax paid	**(4.6)**	(3.5)	(8.4)
Net cash from operating activities	**43.9**	38.6	70.5
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**0.2**	0.4	0.9
Interest received	**0.1**	0.1	0.1
Acquisition of business	**(1.5)**	-	-
Acquisition of property, plant and equipment	**(10.3)**	(10.3)	(19.0)
Acquisition of other intangible assets	**(0.7)**	(0.8)	(1.8)
Net cash from investing activities	**(12.2)**	(10.6)	(19.8)
Cash flows from financing activities			
Proceeds from new loan	**-**	-	200.0
Interest paid	**(4.7)**	(30.7)	(41.9)
Exceptional finance costs	**-**	-	(10.4)
Repayment of borrowings	**-**	-	(310.0)
Proceeds on issue of new shares	**-**	-	98.0
Settlement of partly paid share capital	**-**	-	2.3
Payment of deferred consideration on acquisition	**(2.3)**	-	-
Payment of finance lease liabilities	**(0.6)**	(0.5)	(0.9)
Dividends paid	**(19.8)**	(0.9)	(0.9)
Net cash from financing activities	**(27.4)**	(32.1)	(63.8)
Net increase/(decrease) in cash and cash equivalents	**4.3**	(4.1)	(13.1)
Cash and cash equivalents at beginning of period	**40.7**	53.8	53.8
Cash and cash equivalents at end of period	**45.0**	49.7	40.7

Notes to the unaudited condensed consolidated financial statements

1 Basis of preparation

This unaudited condensed consolidated interim financial information for DFS Furniture plc ("the Company") and its subsidiaries (together, "the Group") was approved for release on 23 March 2016.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the Disclosure and Transparency Rules of the Financial Conduct Authority, and comprise the results for the 26 weeks ended 30 January 2016, the 26 weeks ended 31 January 2015, and the 52 weeks ended 1 August 2015.

The interim financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the 52 weeks ended 1 August 2015.

The financial information included in this interim statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the 52 weeks ended 1 August 2015 have been reported on by the Company's auditor and delivered to the Registrar of Companies. The auditor's report for those accounts was unqualified, did not included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with the policies applied in the Group's financial statements for the 52 weeks ended 1 August 2015, which were prepared under IFRS as adopted by the European Union. There are no new standards, amendments to existing standards or interpretations that are effective for the first time in the financial year beginning 2 August 2015 that would be expected to have a material impact on the Group's results.

Going concern

The Group remains highly cash generative and currently has sufficient medium and long term facilities in place, including a £200.0 million senior loan facility maturing in 2020 and an as yet undrawn revolving credit facility of £30.0 million in place until March 2020.

On the basis of their assessment of the Group's financial position, forecasts and projections the Company's directors have a reasonable expectation that the Company and the Group will be able to continue in operational existence for the foreseeable future. The directors are therefore satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the interim financial statements.

Adoption of Financial Reporting Standard 101 (FRS 101)

A new UK GAAP accounting framework introduced by the Financial Reporting Council (FRC) became mandatorily effective for the financial statements of UK companies with accounting periods commencing on or after 1 January 2015. Under this new framework, the Company is required to elect to prepare its parent company financial statements on one of the bases permitted by the FRC.

The directors consider that it is in the best interests of the Group for the Company to adopt FRS 101 Reduced Disclosure Framework for its parent company financial statements for the year ended 30 July 2016, which will be included in the Group's Annual Report and Accounts. As a result of taking the possible disclosure exemptions permitted under FRS 101, disclosures are expected to be the same as, or follow closely, those reported under current UK GAAP.

Although the decision does not require formal shareholder approval, the Company is required to notify all shareholders, and any shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may object. Objections must be served on the Company in writing and delivered to the Company Secretary at the Company's registered office DFS Furniture plc, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA not later than 1 May 2016.

The consolidated financial statements of the Group will continue to be prepared in accordance with EU-adopted International Financial Accounting Standards (IFRS) and are unaffected by this new accounting framework.

Notes to the unaudited condensed consolidated financial statements

2 Segmental Analysis

The Group's operating segments under IFRS 8 have been determined based on management accounts reports reviewed by the Board. Segment performance is assessed based upon earnings before interest and tax excluding depreciation charges and non-underlying items ("underlying EBITDA").

The Group has only one reportable segment, which derives its revenues from the retailing of upholstered furniture and related products. Activities included in other segments comprise the manufacture and distribution of upholstered furniture.

	External sales			**Internal sales**			**Total gross sales**		
	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m	**26 weeks to 30 January 2016 £m**	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m	**26 weeks to 30 January 2016 £m**	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
Retail	**461.3**	431.2	913.1	**0.6**	-	0.6	**461.9**	431.2	913.7
Other segments	**-**	-	-	**44.5**	45.2	92.7	**44.5**	45.2	92.7
Eliminations	**-**	-	-	**(45.1)**	(45.2)	(93.3)	**(45.1)**	(45.2)	(93.3)
Gross sales	**461.3**	431.2	913.1	**-**	-	-	**461.3**	431.2	913.1

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
Total segments gross sales	**461.3**	431.2	913.1
Less: value added and other sales taxes	**(71.6)**	(66.7)	(141.4)
Less: costs of interest free credit and aftercare services	**(33.9)**	(31.7)	(65.6)
Revenue	**355.8**	332.8	706.1

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
Retail underlying EBITDA	**28.5**	24.8	82.4
Other segments underlying EBITDA	**2.5**	2.8	6.8
	31.0	27.6	89.2
Depreciation & amortisation	**(9.0)**	(8.3)	(17.0)
Non-underlying items (note 3)	**-**	(3.7)	(11.6)
Operating profit	**22.0**	15.6	60.6
Finance income	**0.1**	0.1	0.1
Finance expenses	**(5.9)**	(30.1)	(39.0)
Exceptional refinancing costs	**-**	-	(11.0)
Profit/(loss) before tax	**16.2**	(14.4)	10.7

A geographical analysis of revenue is presented below:

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 1 August 2015 £m
United Kingdom	**346.6**	325.8	689.7
Europe	**9.2**	7.0	16.4
Total revenue	**355.8**	332.8	706.1

Notes to the unaudited condensed consolidated financial statements

3 Operating profit

Group operating profit is stated after charging:

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Depreciation on tangible assets	**7.8**	6.9	14.3
Net gain on disposal of property, plant and equipment	**(0.2)**	(0.4)	(0.8)
Amortisation of intangible assets	**1.2**	1.4	2.7
Cost of inventories recognised as an expense	**148.2**	138.6	295.8
Write down of inventories to net realisable value	**0.1**	0.4	0.8
Operating lease rentals	**29.2**	28.2	56.7

Non-underlying items

Items that are material in size, unusual or non-recurring in nature as disclosed separately in the income statement in order to provide an indication of the Group's underlying business performance. Non-underlying items relating to the reported financial period are as follows:

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Accelerated share based payments charge	**-**	0.1	0.1
International and acquired business set-up costs	**-**	1.9	2.8
Non-recurring and exceptional legal and professional costs	**-**	1.7	8.7
	-	3.7	11.6

4 Finance expense

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Interest payable on senior secured notes	**-**	(11.6)	(14.2)
Interest payable on senior loan facility	**(4.1)**	-	(2.8)
Bank fees	**(0.1)**	(0.2)	(0.5)
Fair value lease adjustment unwind	**(1.5)**	(1.5)	(3.0)
Interest payable on parent company loan	**-**	(15.6)	(17.0)
Interest payable on 17% cumulative redeemable preference shares	**-**	(0.1)	(0.1)
Interest payable on 8% vendor loan notes	**-**	(0.1)	(0.2)
Unwind of discount on provisions	**-**	(0.1)	(0.1)
Finance lease interest	**(0.2)**	(0.1)	(0.3)
Other interest	**-**	(0.8)	(0.8)
Total finance expense	**(5.9)**	(30.1)	(39.0)

In addition, exceptional finance costs of £11.0 million were incurred in the 52 weeks ended 2 August 2015 as a consequence of the refinancing undertaken in connection with the Company's admission to the London Stock Exchange. These costs primarily related to the redemption premium and write off of remaining unamortised issue costs on the Group's £310.0 million senior secured notes.

5 Taxation

The tax charge recognised in the interim financial statements has been calculated on the basis of the expected effective tax rate for the full year of 21.2% (26 weeks to 31 January 2015: 22.7%). During the interim period a tax credit of £9.9 million resulted from a settlement in the Group's favour of certain outstanding items relating to prior years with HM Revenue and Customs for which no benefit had previously been recognised.

Notes to the unaudited condensed consolidated financial statements

6 Earnings per share

	26 weeks to 30 January 2016 Pence	26 weeks to 31 January 2015 Pence	52 weeks to 2 August 2015 pence
Basic earnings per share	**10.6**	(46.2)	4.3
Diluted earnings per share	**10.5**	(46.2)	4.3

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Profit/(loss) attributable to equity holders of the parent company	**22.6**	(13.2)	4.7

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Weighted average number of shares for basic earnings per share	**213,030,601**	28,410,145	108,753,074
Dilutive effect of employee share based payment awards	**2,253,139**	-	380,479
Weighted average number of shares for diluted earnings per share	**215,283,740**	28,410,145	109,133,553

Underlying earnings per share

Underlying basic earnings per share and underlying diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company, as adjusted to exclude the effect of non-underlying items, by the same weighted average numbers of ordinary shares above used for basic and diluted earnings per share respectively.

	26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Profit/(loss) attributable to equity holders of the parent company	**22.6**	(13.2)	4.7
Non-underlying items	**-**	3.7	22.6
Tax effect of non-underlying items	**(9.9)**	(0.4)	(2.9)
Underlying profit/(loss) attributable to equity holders of the parent	**12.7**	(9.9)	24.4

	26 weeks to 30 January 2016 Pence	26 weeks to 31 January 2015 Pence	52 weeks to 2 August 2015 pence
Underlying basic earnings per share	**6.0**	(34.7)	22.4
Underlying diluted earnings per share	**5.9**	(34.7)	22.3

Notes to the unaudited condensed consolidated financial statements

7 Dividends

			26 weeks to 30 January 2016 £m	26 weeks to 31 January 2015 £m	52 weeks to 2 August 2015 £m
Interim for the period ended 1 August 2015	3.1p	paid	**6.6**	-	-
Final for the period ended 1 August 2015	6.2p	paid	**13.2**	-	-
			19.8	-	-

The directors have declared an interim dividend for the period ended 30 July 2016 of 3.5p per ordinary share, giving a total of £7.5 million to be paid on 22 June 2016. DFS Furniture plc shares will trade ex-dividend from 2 June 2016 and the record date will be 3 June 2016.

8 Business combinations

On 1 October 2015, the Group acquired the trade and assets of DFS Spain, an independent furniture retailer based in southern Spain, for cash consideration of £1.5 million.

9 Financial instruments

All derivatives are categorised as Level 2 under the requirements of IFRS 7 as they are valued using techniques based significantly on observed market data.

Except as detailed below, the directors consider that the fair values of each category of the Group's financial instruments are the same as their carrying values in the Group's balance sheet.

	30 January 2016		31 January 2015		1 August 2015	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Senior secured notes						
Fixed rates notes due August 2018	**-**	**-**	200.0	207.0	-	-
Floating rate notes due August 2018	**-**	**-**	110.0	110.1	-	-
	-	**-**	310.0	317.1	-	-

The fair values of the senior secured notes were their market values at the balance sheet date. Market values include accrued interest and changes in credit risk and interest rate risk and are therefore different to the reported carrying amounts.

10 Risks and uncertainties

The directors have considered the principal risks and uncertainties as presented in the Group's financial statements for the 52 weeks ended 1 August 2015 and determined that these risks remain relevant for the remaining 26 weeks of the current financial year. These risks comprise: Business strategy; Economy and consumer market conditions; Expansion of retail store network; Website and IT systems; Consumer finance; Supply chain; Employees; Financial risk and liquidity; and Regulatory environment. Further details of these risks can be round on pages 20 to 22 of the Group's annual report and accounts, a copy of which is available on the Group's website at www.dfscorporate.co.uk.

Notes to the unaudited condensed consolidated financial statements

11 Seasonality of operations

The Group's business is subject to sales order peaks due to the effects of promotional periods and, historically, a significant proportion of its annual revenue has been derived from orders generated during specific promotional periods. Promotional periods are generally aligned with periods over which consumers seek to make more purchases.

The Group's most important trading periods in terms of order volumes have been in the promotional periods during the post-Christmas winter sale, Easter, the pre-Christmas guaranteed delivery period, and other public bank holidays. These increases in its order volumes (as opposed to its revenue, which is recognised upon completion of delivery, typically between three and 12 weeks after orders are placed) have generally been influenced, inter alia, by increases in the Group's spending on marketing and promotions in the period immediately prior to, and during, these promotional periods.

As a result of this seasonality of operations the results for the first half of the financial year are normally smaller than the second half.

12 Capital expenditure

For the 26 weeks to 30 January 2016, acquisition of property, plant and equipment (including those acquired under finance leases) totalled £10.9 million (2015: £11.3 million). Acquisitions of intangible assets (computer software) totalled £0.7 million (2015: £0.8 million). Net proceeds on the sale of assets in the period were £0.2 million (2015: £0.4 million).

At 30 January 2016 the Group had contracted capital commitments of £2.8 million (2015: £1.7 million) for which no provision has been made in the financial statements.

13 Net debt

	1 August 2015 £m	Cash flow £m	Other non-cash changes £m	30 January 2016 £m
Cash in hand, at bank	40.7	4.3	-	45.0
Cash and cash equivalents	40.7	4.3	-	45.0
Senior loan facility	(197.9)	-	(0.2)	(198.1)
Finance lease liabilities	(5.0)	0.6	(0.6)	(5.0)
Total net debt	(162.2)	4.9	(0.8)	(158.1)

This interim report, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at www.dfscorporate.co.uk

This interim report contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Company operates. These statements may be identified by words such as "may", "will", "shall", "anticipate", "believe", "intend", "project", "goal", "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions for the negative thereof; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors that would cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this interim report or the underlying assumptions. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future. The forward-looking statements in this interim report speak only as at the date of this interim report and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations in regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this interim report or to update or to keep current any other information contained in this interim report or to provide any additional information in relation to such forward-looking statements. Undue reliance should not therefore be placed on such forward-looking statements.