26 September 2019 **For immediate release**

DFS Furniture plc

Preliminary Results

GOOD STRATEGIC PROGRESS AND TRADING PERFORMANCE

DFS Furniture plc (the "Group"), the UK's leading retailer of upholstered furniture today announces its preliminary results for the 48 weeks ended 30 June 2019 (prior year: 52 weeks ended 28 July 2018).

As previously announced, the Group has changed its accounting reference date from 31 July to 30 June. FY19 is therefore a short accounting period of 48 weeks. In order to enable comparison to our historical results, unaudited pro-forma figures for the 52 weeks ended 30 June 2019 are presented in the table and commentary below in addition to the audited statutory period of the 48 weeks ended 30 June 2019.

	Underlying (excl. brand amortisation)			Reported		
	Pro-forma 52 Weeks to 30 June 2019[1]	**52 weeks to 28 July 2018**	**52 week on 52 week change**	**48 Weeks to 30 June 2019**	**52 weeks to 28 July 2018**	**48 week on 52 week change**
Gross sales[2]	£1,287.2m	£1,125.6m	+14.4%	£1,165.0m	£1,125.6m	+3.5%
Revenue	£996.2m	£870.5m	+14.4%	£901.0m	£870.5m	+3.5%
Profit before tax	**£50.2m**	**£38.3m**	**+31.1%**	**£22.4m**	**£25.8m**	**(13.2%)**
Free cash flow[2]	£92.6m	£60.4m	+£32.2m	n/a	n/a	n/a
Leverage[2]	1.95x	2.09x	(0.14x)	n/a	n/a	n/a
Basic EPS (pence)	18.4p	14.0p	+31.4%	8.6p	8.9p	(3.4%)
Ordinary dividends	11.2p	11.2p	-	11.2p	11.2p	-

1. *Pro-forma 52 weeks to 30 June 2019 is calculated by adding unaudited results for the 4 weeks to 28 July 2018 to the audited statutory results for the 48 weeks to 30 June 2019.*
2. *Definitions and reconciliations of alternative performance measures are provided at the end of this statement in note 12 to the condensed consolidated financial statements.*

Highlights:

- Good trading performance with all brands and channels achieving like-for-like gross sales growth
- Underlying profit before tax (excluding brand amortisation) for the pro-forma 52 weeks to 30 June 2019, up 31.1% on the 52 week period to 28 July 2018
- Continuing good free flow cash generation and lower leverage
- Good progress made following the launch of the new strategy to lead sofa retailing in the digital age:
    - Drive the DFS Core: Return to like-for-like growth in DFS, driven by 16.2% growth in online sales supported by technology and product innovation
    - Build the Platforms: Shared use of logistics, manufacturing and property assets underway, with further opportunities being pursued
    - Unlock New Growth: 14.4% pro-forma sales growth at Sofology and significant year-on-year profit improvement; Netherlands also showing encouraging signs

- Colleagues well-engaged in new strategy and DFS named a 'Top 25' Big Company to work for once again
- Customer satisfaction remains positive with all four Group retail brands rated 'Excellent' on Trustpilot

Tim Stacey, Group Chief Executive Officer said:

"Our trading performance for the last financial year was good overall, as we continue to execute our new strategy to lead sofa retailing in the digital age. Like-for-like growth across all brands and all channels, especially online and in Sofology, has enabled us to grow our market share and as we celebrate DFS's 50th anniversary, we believe that our Group is well positioned for the long term.

Recent trading conditions have reflected the increasingly uncertain political and economic backdrop and we have seen reduced levels of footfall across all our brands, which we attribute to lower levels of consumer confidence and housing transactions, the two key drivers of the upholstery market. Although we have had some success in driving conversion to mitigate this trend, we note that over the first twelve weeks of the financial year order intake levels have been subdued.

Our financial performance in the remainder of the first half, and the whole financial year ahead, will inevitably be dependent on broader political and economic developments and at this stage it is difficult to predict what will happen specifically within the upholstery market. However, we remain focused on those variables that we can control and on executing our strategy, which we believe puts us in a strong position in the market over the long-term."

Analyst Presentation

DFS will be hosting an analyst presentation at 9.00am today. The presentation slides and a listen only web-cast facility will be available through the Group's corporate website: www.dfscorporate.co.uk. The presentation slides will be made available on the Group's website: www.dfscorporate.co.uk.

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CHAIR'S STATEMENT

Overview

There have been a number of major developments for the Group this year, including the appointments of Tim Stacey as Group CEO and Mike Schmidt as Group CFO, as well as several Non-Executive Board appointments.

In November 2018 Tim succeeded Ian Filby as CEO and in July 2019 Mike succeeded Nicola Bancroft as CFO. The new leadership team has shown great energy and enthusiasm in their initial months together and the Board looks forward to working closely with them.

In March 2019, we presented a new strategy for the Group. Pressures on the UK retail and consumer market and changes to shopping habits have been well publicised. The Group's strategy is designed to prepare DFS to navigate an uncertain trading environment and benefit in the long term from its strengths as the leading upholstery retailer in the UK.

The trading environment continues to be challenging, with weak consumer confidence and falls in the number of housing transactions impacting order intake. The outlook for consumer confidence, compounded by the ongoing uncertainty regarding Brexit, has been much talked about in the news media. The Senior Leadership Team has developed comprehensive plans to address any short-term dislocation arising from a no-deal Brexit. It is notable that under WTO rules imported furniture is tariff free, which is helpful, but in the medium term the implications of a sustained drop in the value of Sterling and the consequent inflationary effect for imported products is likely to become a key factor affecting consumer confidence for high value household items. The mitigation of this will be a key focus for our team in the coming year.

Despite this backdrop the Group has made a sound start in progressing its strategy. Underlying profit before tax (excluding brand amortisation) was on a pro-forma basis was £50.2 million for the 52 weeks to 30 June 2019 compared to the £38.3 million we reported for the 52 week period to 28 July 2018. Reported profit before tax for the 48 weeks was £22.4m. All the Group's brands recorded year on year like-for-like gross sales growth and our omnichannel approach continued to perform well with strong Group online growth of 16.6% for the 52 week period.

This is the 50th anniversary year of DFS. Much has changed since the business was founded in 1969. DFS has built up a unique and substantial understanding of the UK upholstery market which it will harness to adapt further to changing customer expectations and ways of furnishing their homes.

E-commerce is a major trend that DFS is capitalising on. Double digit growth in online sales illuminates the long-term strategy and trends which are transforming sofa retailing. The scale, market position and resources of the Group position it well to take advantage of the opportunities that the changes in our market and changing expectations of our customers present.

Having completed the acquisition of Sofology in November 2017, this year has been a year of consolidation and integration as well as growth. The business, under the leadership of Sally Hopson, has performed well with gross sales rising by 14.4% on a pro-forma basis to reach £260.7 million for the 52 weeks to 30 June 2019. Significant progress has been made in integrating the business and delivering on our expectations of synergy benefits. This work continues through maximising resources and knowledge sharing across the Group.

Our People and Values

I am delighted that after an extensive process an internal candidate, Mike Schmidt, has been appointed as our new Chief Financial Officer and Board Director to succeed Nicola Bancroft. A number of other senior management changes have been made to strengthen the team. I would like to thank Nicola for her service to the Group.

Our employees across each of our brands are dedicated, enthusiastic and proud of the Group's market-leading position. They are encouraged to consider the customer in everything they do and work hard to deliver outcomes informed by our values. Making the first steps in our strategic journey has required the dedication and commitment of all our employees to an increasing pace of change. We rely on their skills, experience, competence, agility and drive to take our business forward. For all this we thank our colleagues. We will continue to support their efforts by building on the extensive training all our employees receive. I am particularly encouraged that our Apprenticeship Scheme, in place since October 2014, and which has enabled us to take advantage of an additional new talent pool, won the Large Employer of the Year with Qube Training 2019 as well as being a finalist in the Retailer of the Year in the All About School Leavers Awards 2019.

The Board

During the year we welcomed Steve Johnson and Jo Boydell as Non-Executive Directors and Liz McDonald as General Counsel and Company Secretary. Following the departure of Julie Southern on 29 March 2019, Jo took on the role of Audit Committee Chair. My thanks go to Julie for the admirable role she has played as a Director of the Company over the last 3 years, and facilitating a smooth handover of the Audit Committee to Jo.

Our Senior Independent Director, Luke Mayhew has decided that, after 4 years' service, he will not stand for re-election at this year's AGM. Alison Hutchinson has been appointed Senior Independent Director. A search is underway for a successor to Luke as a Non-Executive Director. I would offer my personal thanks to Luke for his supportive counsel through years of big change for the Group.

During the year, the Board has developed its organisational approach with a particular focus on operational performance, strategy, risk and corporate governance. We have reviewed the requirements of the new UK Corporate Governance Code, under which we will report in our 2020 Annual Report. Various workstreams are underway, including enhancements to our employee engagement.

Dividend

The Board has carefully considered the balance between regular dividends supported by the performance, expectations and capital needs of the Group and the return of capital where there is a surplus. We anticipate that value created over time will be delivered to shareholders through a combination of capital growth and dividends.

Notwithstanding the current tough environment, our longer-term expectations for the future earnings and cash needs of the business have enabled the Board to recommend maintaining a final dividend of 7.5 pence (FY18: 7.5 pence) taking the full year ordinary dividend to 11.2 pence (FY18: 11.2 pence). The Financial Review provides further information on our dividend policy.

Looking ahead

As noted in the Chief Executive's outlook statement, the Group faces a particularly uncertain UK consumer market in the run up to the UK's departure from the European Union and beyond. However, whilst DFS is not immune to the impact of the continuing political uncertainty, the Board considers that the Group is well placed to manage short-term market uncertainties and remains confidently committed to developing the Group.

The Group has developed a unique position at the heart of British homemaking over the past 50 years. As the UK's largest upholstery retailer and manufacturer, we are confident that the strength, depth and diversity across our brands will see us through the challenges ahead and allow us to take advantage of opportunities to deliver on the expectations of customers and shareholders and continue to provide a rewarding place for our employees to work.

Ian Durant

Chair of the Board

CHIEF EXECUTIVE'S REVIEW

Overview

We have made good progress in this financial year executing our new strategy, to lead sofa retailing in the digital age. Pro-forma gross sales for the 52 weeks to 30 June 2019 grew by 7.4% adjusting to include Sofology on a fully comparative basis and all brands grew their like-for-like gross sales. As described in the Financial Review all brands achieved positive like-for-like order intake growth, albeit this slowed in the second half. Underlying profit before tax excluding brand amortisation for the pro-forma 52 weeks to 30 June 2019 increased by 31% to £50.2m and the Group continues to generate attractive cash flows.

We are well underway with executing our new strategy and a number of key initiatives were delivered during the year, with many more are on track to support improved customer experience, operating efficiencies and future growth.

We aim to adopt a disciplined approach to capital investment, balancing the allocation of capital where there is a proven positive return with trialling new initiatives and also ensuring our existing assets are adequately maintained. Our lease adjusted return on capital has increased from 15.6% as at our previous year end to 16.6% as at June 2019.

I am personally delighted with the response of all Group colleagues to our new strategy and values and would like to thank every one of them for their hard work and dedication this year.

Review of strategic progress

To deliver our strategy and achieve our previously indicated incremental £40m of profit before tax in the medium term we focus on three key pillars: (i) to drive the DFS core brand, (ii) to build Group platforms to maximise efficiency, and (iii) to unlock new profitable channels of growth.

Drive the DFS core

The DFS brand is the largest and most profitable in the Group and a key part of our strategy is to focus on driving this brand across all channels.

During the year we have made a number of digital and technology enhancements to improve the end-to-end sofa buying experience for our customers. We have invested in the start of the buying journey, incrementally improving our websites in order to inspire and engage customers through: living room lifestyle imagery, increased user-generated content, vlog and blog partnerships, new augmented reality visualisation tools on our mobile websites and more digital 3D sofa models. Secondly, we have introduced new engagement tools such as mobile text chat and artificial intelligence driven customer service 'chat bot' tools to support customers as they purchase. Finally, we have introduced new post-purchase tools to enable customers to track their order and book their own delivery slots online. The results are promising and we have seen improved conversion rates and positive customer feedback as a result of these initiatives.

The DFS online channels have delivered another year of double-digit growth in pro-forma gross sales of 16.2% and, in common with many sectors, our customers are increasingly using mobile devices to browse and transact. To maintain our growth we have continued to develop our m-commerce platform by investing to make our mobile website easier to browse and even more inspiring to our customers. This has helped drive a significant increase in both the amount of

customers browsing our products and completing the transaction via mobile with 60% of our online transactions now being completed on a mobile device.

However, we know that the vast majority of customers still want to see, touch and sit on a product before committing to a sofa purchase and our well invested showroom network is at the heart of our omnichannel strategy to drive the DFS brand. We also continue to invest in the training and development of our retail colleagues as well as the physical showroom environment to ensure that we offer the market-leading sofa buying experience.

We have been working closely with our artificial intelligence and data partner Satalia to develop models to help predict footfall based on various factors. This will help to ensure we have the right number of colleagues present in our showrooms at the right times to improve sales conversion and the efficiency of our operations.

Our focus has not solely been on digital innovation. Throughout the year we've launched some new and innovative products. Our market research revealed that some consumers can find it challenging to select a sofa due to the volume of options available in the marketplace. Taking this on board we've developed a new sofa collection called 'So Simple' to ease the decision-making process for the customer into three steps: step one is to select a style from a range of eight new models, step two is to select a size from a discrete number of choices and step three is to choose from an edited selection of colours and fabrics. We've been trialling this collection online and across a small number of showrooms and the initial response is positive. Our exclusive partnership brands are continuing to trade well and we have launched a number of new models across the French Connection, House Beautiful and Joules brands.

As a Group we have continued our focus on customer satisfaction. Within DFS our approach is based on both proactive training and careful monitoring of our net promotor score ("NPS") at various stages of the customer journey which is linked to colleague incentivisation. Our post purchase NPS score for the DFS brand has stayed broadly in line at 84.2% (FY18 of 84.9%) however we were disappointed to see our established customer satisfaction fall from 35.8% to 33.0%. Root cause analysis shows our customer experience was materially impacted by supplier lead time issues and technical disruption at the Felixstowe port in the summer of 2018. However, it has also highlighted some opportunities that we are now taking to improve customer satisfaction further into the future, by exiting a small number of poorly performing suppliers. We saw a recovery in these scores in the second half of our financial period as the port and lead time issues have been resolved.

Build the platforms

DFS's market-leading operating margins are a result of both sales intensity and operational gearing driven by scale, expertise and its well invested infrastructure. We have the opportunity to scale our systems and processes and utilise existing infrastructure to enable further Group-wide benefits.

In FY19 we started to leverage existing supply chain assets across our brands. We are now utilising what was the DFS customer delivery centre in Bristol to also fulfil Sofology and Sofa Workshop customer orders. Furthermore, the customer delivery centre that we operate in Belfast for the DFS brand will shortly be used to receive customer orders and deliver on behalf of all brands through a single fleet. We intend to test and learn with this initiative and will assess other opportunities to utilise our supply chain resources in the future. The bespoke route planning software used in our delivery network has now also been leveraged across the DFS post-sales

service team and the efficiency improvements this is driving is one of the factors that has helped the DFS brand materially reduce the number of outstanding service queries.

We are sharing our technology assets across the Group in many other areas. We have just completed a re-platform of Sofa Workshop's website; leveraging DFS web technology to result in a more easily maintained solution that enables better presentation of its customer proposition whilst retaining a distinctive 'look and feel' for the brand. We have now transitioned the majority of Sofa Workshop's IT systems and some of Sofology and Dwell's back end IT systems to align to those of the DFS brand which reduces complexity and maintenance activities across the Group.

Our manufacturing facilities, which were solely used to produce sofas for the DFS brand up until this year, are now manufacturing a limited number of Sofology products bringing the benefits of increased Group margin (by capturing more profit in the value chain) and improving quality and lead times.

We have also leveraged the Group's scale by renegotiating rent levels on a number of properties where the Group's brands currently operate on the same retail parks. There are clear opportunities to reduce our rental costs by co-locating brands adjacent to existing premises as we are doing later in 2019 in Belfast, or apportioning existing space across more brands. Our target is to secure £6-8m of annualised rent savings from around 42 leases that expire between 2019 and 2023 through renegotiating lease terms, downsizing showrooms (or closing a small number where appropriate to do so) and co-locating new Sofology showrooms with other Group brand showrooms where appropriate. By June 2019 we had already secured an annualised £2.9m of property cost savings.

Unlock new growth

The third pillar of our strategy is 'unlock new growth' which focuses on driving profitable growth in our acquired and overseas operations. Sofology was a significant recent acquisition for the Group and is a brand we view as having strong growth potential. There is also a clear opportunity to improve the profitability of our previous acquisitions Dwell and Sofa Workshop, as well as our DFS international business.

Sofology

Sofology pro-forma gross sales have grown by 14.4% on a fully comparative basis and totalled £260.7m for the 52 weeks to 30 June 2019. Like-for-like sales grew 10.7%. As we shared in last year's report, Sofology welcomed a new CEO, Sally Hopson, in October 2018.

Marketing campaigns using well known celebrities and innovative digital production techniques have been used to help differentiate the Sofology brand through emphasising style, quality and comfort. These have boosted brand awareness and established the brand in what we believe is a unique position in the market.

We have achieved our objective of delivering £4m of annualised synergies by June 2019 through a combination of cost savings and revenue growth driven through knowledge sharing across the Group. We have also utilised the Group's financial strength to secure beneficial working capital terms for the acquired business.

Sofology opened one new showroom in the year in Plymouth which has been trading well and we see a national rollout opportunity with at least three new showrooms planned for FY20. Our

ambition is to grow Sofology's revenues to over £300m and operate at 6-8% EBITDA margins over the medium term.

Dwell and Sofa Workshop

Dwell and Sofa Workshop have achieved pro-forma gross sales growth of 17.4% on a combined basis, driven by like-for-like growth across both brands as well as growth from the full year effect of new showroom openings.

Recognising that the potential of Sofa Workshop's national showroom presence could be boosted by increasing awareness, the brand has appeared on national TV for the first time from January 2019 through sponsorship of Sky TV channels. Brand awareness has also been enhanced through an exciting collaboration with the world leading art, design and performance museum the V&A, to produce a range of sofas and fabrics inspired by documents in the museum's archive.

We have successfully transitioned the leadership of the Dwell brand, following the decision of the founder to step down as CEO having re-established the brand nationally. To lead our growth ambition, Peter Jenkins joined the Group in November 2018 as the new Dwell CEO.

In the year we opened one new Sofa Workshop site in Bromley (replacing a DFS site whose sales were picked up by other nearby DFS showrooms), co-located one new Dwell showroom alongside DFS in Farnborough and closed one co-located Dwell in Banbury where the space was repurposed.

The combined brand contribution for Dwell and Sofa Workshop has increased £1.0m but as a percentage of revenue has declined from 17.6% to 16.5% driven by disruption experienced in Sofa Workshop during the year as we have upgraded the operating systems we require to drive longer term growth.

International

Our Netherlands DFS business has shown encouraging signs this year with a 12.8% growth in like-for-like gross sales. Following the strong performance in the second half of the previous financial year, which was driven by increased levels of marketing investment and the first airing of national TV adverts, the brand has continued to trade well in FY19, particularly in the first half of the year. We continue to target our Netherlands DFS business reaching break even and beyond from the current showroom portfolio.

People, culture and values

We would not be the market leader without our passionate team of over 5,600 colleagues. Since joining the Group eight years ago I've been honoured to work with people that take such pride in what they do and seek to continually improve our business and the experience for our customers.

Early in the financial year we shared our new strategy with all our colleagues across the Group and I am encouraged by the feedback received and the overwhelming sense of everyone getting behind our plans to deliver it. Our colleagues are encouraged to voice their opinions and follow our three core values in everything they do; to 'think customer', 'be real' and 'aim high'. It is these principles, the mindset they help create and the open, honest and collaborative working environment that fuse together to create a culture that is, in my opinion, truly unique.

We recognise that investing in our team is critical to our success. This year we have particularly focused on developing leadership skills through collaborative workshops and now have an effective leadership philosophy that is embedded through the whole Group. We also continue to run our award winning apprenticeship programme, which is providing us with a new generation of highly skilled employees. I'm proud to say that DFS continues to receive external recognition for our employment practices, retaining our position in the Sunday Times top 25 Big Companies to work for.

I'd like to take this opportunity to thank all our colleagues across the Group for their efforts over the last year.

Environmental, social and governance (ESG)

As part of the Group's longer-term strategic objectives, I am passionate about ensuring our businesses act responsibly, and that the Group conducts its business ethically and in a way that has a positive impact on society and the environment. We are renewing our approach in this area and Sally Hopson will be taking the lead on developing our ESG strategy. Alison Hutchinson will act as Board sponsor.

I'm proud to say that we have continued to support some great charities. Our sofa recycling partnership with the British Heart Foundation which offers our customers a free service to have their unwanted sofas collected and resold by the charity has generated over £3m this year (and over £21m since our partnership commenced) and we have also raised £750K for Children in Need through various support office activities and our "Give me Five" customer initiative which allows customers to pay £5 to the charity to enter a monthly draw to receive their sofa order for free. We have also launched a matched charitable donation funding scheme with our colleagues which is proving popular.

This year we have achieved a 'two tree' status from the World Wildlife Fund who assess businesses on their timber product sourcing policies and performance scoring them from zero to three. This is an improvement, reflecting our introduction of a formal timber sourcing policy and a comprehensive system to calculate the percentage of timber in our products that originates from certified sustainable sources. We continue to work with our suppliers to ensure they adopt the certification required to demonstrate their commitment to sustainable practices. We are making advances in other areas too, for instance through providing customers with the opportunity to select 'eco' delivery slots so that our route planning software optimises the routing of our vehicles to minimise emissions. We have an ambition to lead new sector innovation on environmental matters and I look forward to sharing our plans with you in the coming financial year.

Impact of the UK's exit process from the EU

We continue our work to assess and mitigate the potential impact from the UK leaving the EU. It is impossible for us to be specific as to the impact of this process given at the time of writing there remains a significant level of uncertainty regarding both the timing and the terms of any exit.

We see six areas which may have an adverse impact on the Group.

1) Consumer demand – the continuing significant uncertainty has impacted consumer confidence. Some customers may defer or reduce their spend on new furniture until there is clarity on how the economy may change and how this will impact their personal financial situation. We believe that the underlying growth in our market over 2017 to 2019 has likely been between -1% to -2% per year, whereas a long-term average growth rate for the market is typically over 2%. A 1% change in our sales growth assumption would increase or reduce revenues by c.£10m, and consequently could have an impact on profits and cash generation of c.£4m. We will continue to monitor the levels of consumer confidence to ensure that we respond appropriately and expediently.

2) Border delays – while we have significant internal manufacturing activities and strong relationships with British manufacturers, around 60% of finished good products that we sell are imported from mainland Europe or China. Although furniture goods will not 'spoil' as a result of delays, we would see a deferral in revenue in our made-to-order model. Across the year we on average import goods representing c.£10m of revenues each week, thus an increase in lead times could have a direct impact on profit and cash generation in the first financial year that delays occur. We believe it is unlikely that there will be universal delays across all our points of entry, and likewise imports from the Far East are less likely to be impacted. We have analysed the import routes for all our finished goods to ensure that we balance the points of entry and the forms of transportation (containers or roll-on-roll-off), and we intend to remain vigilant should the need to switch transportation routes arise. We have ensured our suppliers each have in place the necessary permissions for accelerated customs clearances and we have also encouraged the use of container routes where customs clearance can take place while 'on the water'. Our analysis shows that over 85% of our imports by volume are already taking place using containerised freight forwarders holding Authorised Economic Operator status. We also import raw materials (principally timber and fabric) to manufacture finished goods and we have confirmed that our partner suppliers have increased their UK stockholdings.

3) Increased regulatory burden and other friction – we operate our mainland EU activities using UK entities, and complying with European standards, including on passporting arrangements in financial services and data protection. We are reviewing any impacts on our ability to trade using this approach, however, to date we have not identified any material issues in our existing approach that we will need to overcome.

4) Tariffs – we do not currently expect to see a material tariff impact, as our finished goods currently largely attract a 0% tariff under WTO terms and our business has experience of operating within the tariff regime for Far East imports. The UK Government has also indicated that they will defer the payment of duty due on all imports from the point of entry to being accounted for as part of companies' VAT returns, which we believe will give the Group a cash benefit of over £3m, which will help mitigate the working capital impact of any border delays. Notwithstanding this there may be additional administrative and other cost burdens associated with the chain of custody requirements to avoid tariffs being imposed on raw materials imports, although we do not anticipate these being costly to implement.

5) Exchange rates - the exit process may prompt further movements in the USD/GBP exchange rate, which would impact the cost of our Far East imports. We hedge our US dollar requirements maintaining cover equivalent to 18 months of spend to give us increased time to respond to any such adverse trends. In the absence of any hedging, each one cent movement in the US dollar exchange rate has approximately a £1m impact on PBT, prior to any mitigating actions. We anticipate our competitors would pass on any cost increases as a result of foreign exchange movements to the end consumer.

6) Our people – we employ a number of EU nationals in our UK operations, principally in manufacturing and distribution roles, and we are aware that many other companies involved in these activities are significantly dependent on EU employees. We also employ UK nationals in our EU operations in Ireland, Spain and also supporting the Netherlands. At the time of writing, the government's position remains unclear as to whether those EU citizens without pre-settled or settled status will be allowed to work in the UK after the 31 October. We see the potential for wage inflation as companies compete to attract workers with appropriate skills and experience. To help mitigate this risk we continue to work hard on our employee engagement to seek to ensure we continue to benefit from employee loyalty, and relatively low turnover.

In summary, we believe the two principal immediate risks in the near term are consumer confidence and border delays. While we have sought to mitigate these, their ultimate impacts are uncertain and have the potential to affect our overall financial performance in the year. We will continue our preparations to minimise the disruption as part of our regular risk mitigation process, until the UK and EU's path forward is clear.

Outlook

Our trading performance for the last financial year was good overall, as we continue to execute our new strategy to lead sofa retailing in the digital age. Like-for-like growth across all brands and all channels, especially online and in Sofology, has enabled us to grow our market share and as we celebrate DFS's 50th anniversary, we believe that our Group is well positioned for the long term.

Recent trading conditions have reflected the increasingly uncertain political and economic backdrop and we have seen reduced levels of footfall across all our brands, which we attribute to lower levels of consumer confidence and housing transactions, the two key drivers of the upholstery market. Although we have had some success in driving conversion to mitigate this trend, we note that over the first twelve weeks of the financial year order intake levels have been subdued.

Our financial performance in the remainder of the first half, and the whole financial year ahead, will inevitably be dependent on broader political and economic developments and at this stage it is difficult to predict what will happen specifically within the upholstery market. However, we remain focused on those variables that we can control and on executing our strategy, which we believe puts us in a strong position in the market over the long-term.

Tim Stacey

Chief Executive Officer

FINANCIAL REVIEW

Having worked for the Group for over five years I am delighted and privileged to have been appointed as CFO of DFS. I'd like to thank Nicola Bancroft for her guidance and support over this time and wish her the very best for her retirement. In taking on leadership of the finance function, I am determined to ensure that we continue to develop our use of data insight and reporting to help the business drive trading performance and good capital allocation decisions. While the market environment that we currently face is uncertain, our market position is strong and we have clear opportunities to unlock cost efficiencies from historical acquisitions, our property portfolio and also prior investments that we have made in our supply chain and Group businesses.

Basis of financial presentation

In October last year we announced we would change our accounting reference date from July to June, to better support the operational cycle of the Group. The income statement presented later in this Annual Report therefore reflects the audited 48-week period to 30 June 2019.

Revenue, underlying profit before tax before brand amortisation[1] and reported profit before tax for this 48 week period totalled £901.0m, £28.2m and £22.4m respectively for the Group. Overall revenue growth during the financial year was strong and almost certainly benefited from latent demand from the unusually hot weather period experienced in April to June 2018. Reported revenue growth levels were likewise higher than underlying order intake trends, reflecting both increased deliveries in the period following an unwind of the effects of port delays experienced in June and July 2018, but also a slowing order intake momentum in the second half of the financial year despite what we perceived to be a weak comparative period in 2018. Profit performance for the period reflects the delivered revenue trends.

The prior year comparator included in the financial statements is the audited results for the 52 week period to 28 July 2018. The current and prior year statutory periods are therefore of different lengths. In order to aid understanding of the Group's financial performance on an annualised basis, presented below are unaudited pro-forma results for the 52 week period to 30 June 2019, calculated by taking the four weeks to 28 July 2018 and adding them to the audited statutory results for the 48 weeks to 30 June 2019. For clarity, measures presented for this 52 week period are referred to as 'pro-forma' throughout this report.

As we shared in our FY18 annual report, the strongly profitable financial results that can be implied for July 2018 (which is included in both the statutory FY18 and pro-forma FY19 results) partly reflects significant volumes of deliveries being made in that month, following the important Easter and May bank holiday periods. July is also influenced by other factors, including typically shorter lead times ahead of August manufacturing shutdowns and lower marketing spend due to limited consumer demand events, which are less of a feature in June.

Pro-forma: 52 weeks to 30 June 2019

£m	DFS	Other brands	Group excl. Sofology	Sofology	Group Total	48 weeks to 30 June 2019 Group Total
Gross Sales[1]	942.1	84.4	1,026.5	260.7	1,287.2	1,165.0
Revenue	721.7	68.6	790.3	205.9	996.2	901.0
Cost of sales	(288.4)	(31.7)	(320.2)	(101.5)	(421.6)	(383.8)
Gross profit	433.3	36.9	470.2	104.4	574.6	517.2
Selling and distribution costs	(232.1)	(25.6)	(257.7)	(56.7)	(314.4)	(293.7)
Brand contribution[1]	**201.2**	**11.3**	**212.5**	**47.7**	**260.2**	**223.5**
Property costs			(85.3)	(22.2)	(107.5)	(99.1)
Underlying administrative expenses			(46.3)	(16.2)	(62.5)	(59.3)
Underlying EBITDA[1]			**80.9**	**9.3**	**90.2**	**65.1**
Depreciation & Amortisation excluding brand amortisation					(29.3)	(26.8)
Underlying Operating Profit					**60.9**	**38.3**
Interest					(10.7)	(10.1)
Underlying PBT before brand amortisation[1]					**50.2**	**28.2**
Non underlying costs[1]					(5.1)	(4.4)
PBT excluding brand amortisation					**45.1**	**23.8**
Basic underlying EPS (pence)					18.4p	10.3p

52 weeks to 28 July 2018

£m	DFS	Other brands	Group excl Sofology	Sofology	Group Total
Gross Sales[1]	898.5	71.9	970.4	155.2	1,125.6
Revenue	689.2	58.5	747.7	122.8	870.5
Cost of sales	(276.7)	(25.9)	(302.6)	(61.0)	(363.6)
Gross profit	412.5	32.6	445.1	61.8	506.9
Selling and distribution costs	(223.9)	(22.3)	(246.2)	(35.3)	(281.5)
Brand contribution[1]	**188.6**	**10.3**	**198.9**	**26.5**	**225.4**
Property costs			(84.8)	(14.3)	(99.1)
Underlying administrative expenses			(41.5)	(8.7)	(50.2)
Underlying EBITDA[1]			**72.6**	**3.5**	**76.1**
Depreciation & Amortisation excluding brand amortisation					(27.2)
Underlying Operating Profit					**48.9**
Interest					(10.6)
Underlying PBT before brand amortisation[1]					**38.3**
Non underlying costs[1]					(11.4)
PBT excluding brand amortisation					**26.9**
Basic underlying EPS (pence)					14.0p

1. Refer note 12 for definitions of alternative performance measures.

Sales and revenue

Total pro-forma gross sales[1] for the Group grew by 14.4%, reflecting growth in deliveries across all brands and the full year impact of owning Sofology. Adjusting to include Sofology results for the whole of the comparative period, pro-forma gross sales increased by 7.4%. Pro-forma revenue, which is stated after deducting VAT and the costs of providing interest free credit and aftercare products, grew at a similar rate.

On a like-for-like basis pro-forma gross sales grew by 5.7% and all brands saw like-for-like sales growth. This growth rate is however below that achieved in the first half of the year despite a softer comparative period in the second half, and as noted above, does reflect some softening in order intake growth that we have experienced relative to the first half of the financial year.

Gross profit

Pro-forma gross profit of £574.6m was up £67.7m on the previous year driven by the higher revenues. Excluding Sofology pro-forma gross profit was up £25.1m. There are no non-underlying costs that affect gross margin.

In percentage terms Group pro-forma gross margin of 57.7% was lower than the prior year (58.2%) due to the dilutive impact of consolidating Sofology for the full period, relative to the eight months post acquisition in the prior year. The gross margin percentage for the Group excluding Sofology was in line with the previous year with a slight improvement in DFS's margin driven by more favourable US dollar exchange rates being offset by lower trading margins in Sofa Workshop and Dwell due to an increase in promotional activity. Sofology's margin meanwhile improved year on year from 50.3% to 50.7% from a combination of improved external sourcing rates and use of DFS manufacturing.

We source around one quarter of the finished goods that we sell from the Far East, and we pay for these goods in US dollars. We continue to protect ourselves from adverse US dollar exchange rate movements for the total exposure of c. $165m annually, by hedging our US dollar purchases. We have cover for the Group 18 months ahead, with rate certainty for FY20 at a rate that is not materially different to FY19. The exchange rate environment in September 2019, does however imply approximately a 10 cent reduction relative to the average rate experienced in FY19 and secured for FY20, and this represents a risk for FY21 and beyond. Each one cent movement in the dollar to sterling exchange rate would impact profits by approximately £1m if not mitigated, however we expect companies operating in the upholstery market to counter any profit impact ultimately experienced by adjusting product specifications or altering retail prices.

Operating costs and brand contribution[1]

Pro-forma brand contribution has increased by £34.8m to £260.2m. £21.2m of this increase was driven by Sofology with the benefit of a full year of ownership relative to eight months in the previous financial year. Sofology's brand contribution as a percentage of revenue has increased from 21.6% to 23.2% driven by increased gross margins as well as from operating more efficiently, in part due to synergy benefits. As at June 2019 we have secured over £4m of annualised synergies and believe there are additional savings available from utilising the Group's scale to operate a more efficient supply chain as well as opening new Sofology showrooms alongside DFS showrooms or on the same retail parks with relatively low incremental rental charges.

Excluding Sofology, pro-forma brand contribution increased by £13.6m with the majority of this increase being attributable to DFS due to the increase in delivered revenues. Sofa Workshop and Dwell's combined brand contribution increased by £1.0m, much lower than the £10.1m growth in revenues due to operating disruption from systems transition, marketing investment made to grow brand awareness, and the costs of establishing new showrooms.

Property costs and administrative expenses

Pro-forma property costs have increased by £8.4m from the previous financial period, £7.9m of the increase is attributable to the full year effect of Sofology ownership. Excluding Sofology property costs increased by £0.5m. This increase was due to new showroom openings which added an incremental £1.5m of costs, new central distribution warehouses which added £0.3m of costs, showroom rent increases of £0.5m and rates inflation of £0.3m. All of which are partially offset by a £2.1m reduction from the impact of lease regears and space reduction decisions. Total annual property cost savings now secured since the start of our property cost programme in FY18 total £2.9m.

Pro-forma administrative costs have increased by £12.3m of which £7.5m of the increase is due to the full year impact of owning Sofology. Excluding Sofology, administrative costs increased by £4.8m due to wage inflation, investment in resources and IT to support our growth strategy along with increases in legal and professional costs.

Underlying EBITDA[1]

As a net result of the increased revenues and the other factors described above the Group's underlying EBITDA for the pro-forma 52 weeks has increased £14.1m from £76.1m to £90.2m, a 9.1% EBITDA margin. Sofology contributed £9.3m of pro-forma underlying EBITDA, up £5.8m from the £3.5m generated in the eight months the Group owned the brand in the previous financial year.

Non-underlying costs[1]

A total of £4.4m non-underlying costs were incurred in the 48 week period to June 30 2019. £3.3m related to integration costs associated with the Sofology acquisition incurred on project management, professional advisers, group restructuring costs and retention schemes. £0.9m related to exceptional restructuring activity within the DFS brand and Group support centre, to align with revised ways of working following the Sofology acquisition and technology investments. Finally, £0.2m was also incurred on legal and professional fees associated with the acquisition of Sofology. Non-underlying costs for the 52 week pro-forma period totalled £5.1m.

Inclusive of the £2.0m integration costs connected with the Sofology acquisition incurred in the previous financial year we have spent a total of £5.3m on integration following the acquisition and we have secured annualised synergies of over £4m as at June 2019. These synergies have come about from improving commercial terms with key suppliers, knowledge sharing across the Group resulting in incremental sales and cost savings as well as improved working capital terms.

Finance costs and depreciation

Pro-forma finance costs of £10.7m (FY18 £10.6m) primarily relate to charges arising from the Group's revolving credit facility and from the interest charges arising on finance leases. The increase is driven by higher finance lease interest charges due to an increase in mix of capital additions purchased via finance leases. We entered the year with higher net debt relative to the

previous financial year following the acquisition of Sofology on 30 November 2017, however we have seen a year on year reduction in net debt through the second half of the financial period. We have also benefitted from a lower interest rate driven by a reduction in gearing.

Pro-forma depreciation and amortisation charges excluding brand amortisation total £29.3m for the period, up from £27.2m on the previous year. £1.4m of the increase is due to full year ownership of Sofology and the remaining £0.5m is due to a higher underlying asset base.

Profit Before Tax ('PBT')
Pro-forma underlying PBT excluding brand amortisation for the 52 week period was £50.2m, up 31.1% from £38.3m excluding brand amortisation in the previous financial year. PBT for the 48 week statutory period was £22.4m.

Tax
As in previous years, the underlying effective tax rate for the pro-forma 52 week period of 19.9% was higher than the applicable UK Corporation Tax rate of 19.0% (FY18 20.7%). The variance to the applicable rate is primarily due to disallowable depreciation on non-qualifying assets.

Earnings per share
Underlying basic earnings per share for the Group were 18.4 pence (FY18 14.0 pence), an increase of 31.4% on the previous financial year. Including the effect of non-underlying costs totalling £5.1m pro-forma basic earnings per share increased 85.4% to 16.5 pence (FY18 8.9 pence). Reported earnings per share for the 48 week period were 8.6 pence.

Capital expenditure
Cash capital expenditure for the pro-forma period was £26.3m, up £4.3m on the previous financial year (FY18 £22.0m) and represented 2.6% of revenues (FY18 2.5%). The increase was driven by incremental investment in e-commerce platforms, supply chain property and technology assets, an increase in both the quantity of and scale of investment in showroom refurbishments as well as the additional four months ownership of Sofology in the current financial period. In addition to the £26.3m cash capex £5.2m of assets (predominantly delivery vehicles and company cars) were capitalised under finance leases (FY18 £5.1m)

Cash flow and balance sheet
Following the acquisition of Sofology in 2017 the Group has operated at higher levels of borrowing than our target range. The Group is however financially strong, with good cash generation and a substantial revolving credit facility in place. To reflect the increased scale of Group operating activities, we secured in September 2019 an increased size of revolving credit facility, taking the total available facility up from £230m to £250m, through adding a new lender to the facility. This facility has approximately three years until maturity, and we intend to extend or refinance it in due course.

Net debt has been decreasing year-on-year with the average month end position across the second half of this period approximately 10% lower than the previous year. We continue to target a reduction in gearing to beneath 1.5 times underlying EBITDA.

The Group closed the period with net debt of £176.3m at 30 June 2019 resulting in a gearing ratio of 1.95 times underlying EBITDA. Net debt was higher than reported at the end of the last financial year (28 July 2018 £159.0m) as expected given the change in our accounting reference date and the relative timing of peak trading periods and expenditure.

As we have highlighted previously, the DFS business model benefits from negative working capital, with payments received from customers upon delivery or through deposits ahead of delivery overall, while our suppliers are paid to agreed terms. Working capital balances are seasonal depending on recent trading activity, cost seasonality (particularly in advertising spend) and finally predictable patterns of payments on rents, tax payments and other recurring charges. We carry very limited inventory, and balances have remained stable overall: showroom stock, finished goods in transit, finished goods stock for our Dwell business, customer returns for clearance/resale and raw materials for manufacturing.

With the change in financial year end, the June 2019 net working capital balance was approximately £16m greater than the July 2018 position, which reflects normal seasonality, but has led to a higher net debt balance outstanding.

The Group's lease adjusted return on capital employed for the period increased from 15.6% in FY18 to 16.6% as a result of the increased lease adjusted profits more than offsetting an increase in capital employed.

IFRS 16

The new lease accounting standard, IFRS 16, is effective for all accounting periods beginning on or after 1 January 2019 and therefore the Group will adopt IFRS 16 for its 2019/20 financial year. IFRS 16 will materially alter the presentation of the Group's financial statements, but has no impact on cash generation and will not impact the way we run the business. The change in reporting will also not impact on the Group's banking covenants which will continue to be measured in accordance with the pre IFRS 16 methodology.

On transition to IFRS 16 rental payments currently recognised in the income statement will be replaced by depreciation of a right of use asset (on a straight-line basis) and a finance charge for the unwinding of the discount on the lease liability (which is higher in the earlier years of the lease term). We expect to recognise a liability of approximately £535m-£555m and a right of use asset of approximately £420m-£440m on transition. The net impact to the right of use asset for any prepayments or accrued lease liabilities recognised as at 30 June 2019 is expected to be a reduction of approximately £64m-£68m. As a result, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening retained earnings at 1 July 2019 and we expect this to be a reduction of around £27m-£71m. Based on the Group's existing leases, we expect the adoption of IFRS 16 to reduce profit before tax by approximately £4m-£6m in our first year of adopting the standard relative to reporting under IAS 17.

There will be no impact on cash flows, although the presentation of the Cash Flow Statement will change. Net cash flows from operating activities will increase and be offset by an increase in interest paid. We are adopting a modified retrospective transition and as such will not be restating our historical financial statements.

Following transition two of the metrics that we use in our forward guidance will have altered presentation, although we anticipate the financial implications will be broadly neutral. Our treasury policy will now reference a target for bank net debt (i.e. excluding capitalisation of finance leases) based on the net cash from operating activities before tax less payment of finance lease costs as stated on the Group Consolidated Cash Flow Statement. We believe that this ratio has historically been consistent with the Net Debt / EBITDA ratio that we previously adopted and we are targeting a return of this ratio to beneath 1.5 times.

Our long-term dividend policy on the pay-out of ordinary dividends will be based on annual pre-dividend, underlying cash generation as measured by (i) the annual change in reported net bank debt plus (ii) the value of ordinary and/or special dividends paid, plus (iii) any non-underlying costs or working capital movements incurred, and (iv) any acquisition related consideration. Over the long term we would target dividends being in the range of 40-50% of this figure, which we believe is broadly consistent with historical practice.

Dividend

In light of the political and economic backdrop and the intention to reduce gearing the Board proposes to hold the final dividend flat at 7.5 pence per share (FY18 7.5 pence) resulting in a total dividend for the year of 11.2 pence (FY18 11.2 pence).

Risk and Governance

We have worked during the year to continue to strengthen our approach to Risk and Governance. With the increased scale of the Group following the acquisition of Sofology we have consolidated all internal audit and risk management activities into a single Group team, to benefit from knowledge sharing and to ensure we maintain consistently strong standards. We have also increased our resources in our Risk Management team to provide greater support to the day-to-day embedding of risk management in our operational activities and to support the ongoing Board-led reviews of our principal risks, and the setting of our risk appetite.

Looking forward

Tim's CEO statement, outlines our perspective on current trading as we enter the new financial year. With this context, our focus will be on maintaining or growing our gross margins and driving cost efficiency on property, supply chain and administrative activities. To maintain long-term progress, we will continue to invest in the cost base to support Sofology store roll-out, and also the DFS marketing partnership with Team GB for the Tokyo Olympics, both of which will increase operating costs in the first half of the new financial year relative to the prior year. We also will continue to seek to build our resilience through maximising our cash flow.

Mike Schmidt

Chief Financial Officer

1. Refer note 12 for definitions of alternative performance measures.

Consolidated income statement

	Note	**48 weeks to 30 June 2019** Underlying £m	Non-underlying £m	Total £m	52 weeks to 28 July 2018 Underlying £m	Non-underlying £m	Total £m
Gross sales	2	**1,165.0**	**-**	**1,165.0**	1,125.6	-	1,125.6
Revenue	2	**901.0**	**-**	**901.0**	870.5	-	870.5
Cost of sales		**(383.8)**	**-**	**(383.8)**	(363.6)	-	(363.6)
Gross profit		**517.2**	**-**	**517.2**	506.9	-	506.9
Selling and distribution costs		**(392.8)**	**-**	**(392.8)**	(380.6)	-	(380.6)
Administrative expenses	3	**(59.3)**	**(4.4)**	**(63.7)**	(50.2)	(9.9)	(60.1)
Operating profit before depreciation and amortisation		**65.1**	**(4.4)**	**60.7**	76.1	(9.9)	66.2
Depreciation		**(23.3)**	**-**	**(23.3)**	(24.1)	-	(24.1)
Amortisation		**(4.9)**	**-**	**(4.9)**	(4.2)	-	(4.2)
Operating profit	3	**36.9**	**(4.4)**	**32.5**	47.8	(9.9)	37.9
Finance income		**0.2**	**-**	**0.2**	0.1	-	0.1
Finance expenses	4	**(10.3)**	**-**	**(10.3)**	(10.7)	(1.5)	(12.2)
Profit before tax		**26.8**	**(4.4)**	**22.4**	37.2	(11.4)	25.8
Taxation		**(5.1)**	**0.8**	**(4.3)**	(7.7)	0.7	(7.0)
Profit for the year		**21.7**	**(3.6)**	**18.1**	29.5	(10.7)	18.8
Earnings per share							
Basic	5	**10.3p**	**(1.7)p**	**8.6p**	14.0p	(5.1)p	8.9p
Diluted	5	**10.1p**	**(1.7)p**	**8.4p**	13.9p	(5.0)p	8.9p

Consolidated statement of comprehensive income

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Profit for the year	**18.1**	18.8
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	**9.7**	6.0
Net change in fair value of cash flow hedges reclassified to profit or loss	**(6.1)**	6.3
Recognised in cost of sales	**(0.6)**	(1.3)
Recognised in finance expense		
Income tax on items that are/may be reclassified subsequently to profit or loss	**(0.5)**	(1.6)
Other comprehensive expense for the period, net of income tax	**2.5**	9.4
Total comprehensive income for the period	**20.6**	28.2

Consolidated balance sheet

	30 June 2019 £m	28 July 2018 £m
Non-current assets		
Property, plant and equipment	**89.9**	91.1
Intangible assets	**539.0**	537.0
Other financial assets	**1.4**	1.6
Deferred tax assets	**8.7**	8.0
	639.0	637.7
Current assets		
Inventories	**54.8**	54.4
Other financial assets	**6.3**	3.7
Trade and other receivables	**32.8**	31.2
Cash and cash equivalents	**29.8**	47.2
	123.7	136.5
Total assets	**762.7**	774.2
Current liabilities		
Trade payables and other liabilities	**(225.1)**	(228.5)
Provisions	**(5.0)**	(4.9)
Other financial liabilities	**-**	(0.1)
Current tax liabilities	**(0.8)**	(2.7)
	(230.9)	(236.2)
Non-current liabilities		
Interest bearing loans and borrowings	**(194.0)**	(195.7)
Provisions	**(5.6)**	(5.9)
Other financial liabilities	**(0.7)**	(1.1)
Other liabilities	**(79.7)**	(82.9)
	(280.0)	(285.6)
Total liabilities	**(510.9)**	(521.8)
Net assets	**251.8**	252.4
Equity attributable to equity holders of the parent		
Share capital	**319.5**	319.5
Share premium	**40.4**	40.4
Merger reserve	**18.6**	18.6
Treasury shares	**(2.1)**	(3.3)
Cash flow hedging reserve	**7.0**	4.0
Retained earnings	**(131.6)**	(126.8)
Total equity	**251.8**	252.4

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 29 July 2017	**319.5**	**40.4**	**18.6**	**(3.7)**	**(7.0)**	**(122.7)**	**245.1**
Profit for the period	-	-	-	-	-	18.8	18.8
Other comprehensive income/(expense)	-	-	-	-	11.0	(1.6)	9.4
Total comprehensive income/(expense) for the period	-	-	-	-	11.0	17.2	28.2
Dividends	-	-	-	-	-	(23.7)	(23.7)
Treasury shares issued	-	-	-	0.4	-	(0.4)	-
Share based payments	-	-	-	-	-	2.8	2.8
Balance at 28 July 2018	**319.5**	**40.4**	**18.6**	**(3.3)**	**4.0**	**(126.8)**	**252.4**
Profit for the period	-	-	-	-	-	18.1	18.1
Other comprehensive income/(expense)	-	-	-	-	3.0	(0.5)	2.5
Total comprehensive income/(expense) for the period	-	-	-	-	3.0	17.6	20.6
Dividends	-	-	-	-	-	(23.8)	(23.8)
Treasury shares issued	-	-	-	1.2	-	(1.2)	-
Share based payments	-	-	-	-	-	2.6	2.6
Balance at 30 June 2019	**319.5**	**40.4**	**18.6**	**(2.1)**	**7.0**	**(131.6)**	**251.8**

Consolidated cash flow statement

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Operating profit	**32.5**	37.9
Adjustments for:		
Depreciation, amortisation and impairment	**28.2**	28.3
Gain on sale of property, plant and equipment	**(0.8)**	(0.9)
Accrued acquisition consideration	**-**	5.0
Share based payment expense	**2.6**	2.8
Increase in trade and other receivables	**(1.6)**	(1.7)
Increase in inventories	**(0.4)**	(4.7)
(Decrease)/increase in trade and other payables	**(10.2)**	11.0
Decrease in provisions	**(0.3)**	(1.1)
Net cash from operating activities before tax	**50.0**	76.6
Tax paid	**(7.4)**	(9.1)
Net cash from operating activities	**42.6**	67.5
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**1.2**	1.0
Interest received	**0.2**	0.1
Acquisition of subsidiaries	**-**	(20.1)
Acquisition of trade and assets	**-**	(1.2)
Acquisition of property, plant and equipment	**(17.5)**	(17.3)
Acquisition of other intangible assets	**(6.9)**	(4.7)
Net cash from investing activities	**(23.0)**	(42.2)
Cash flows from financing activities		
Proceeds from new loan	**-**	197.0
Interest paid	**(7.7)**	(7.4)
Exceptional refinancing costs	**-**	(1.9)
Repayment of borrowings	**(2.0)**	(200.0)
Payment of finance lease liabilities	**(3.5)**	(3.1)
Ordinary dividends paid	**(23.8)**	(23.7)
Net cash from financing activities	**(37.0)**	(39.1)
Net decrease in cash and cash equivalents	**(17.4)**	(13.8)
Cash and cash equivalents at beginning of period	**47.2**	61.0
Cash and cash equivalents at end of period	**29.8**	47.2

Notes to the condensed consolidated financial statements

1 Basis of preparation

The condensed consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The financial statements are prepared on the historical cost basis except for certain financial instruments and share based payment charges which are measured at their fair value. The financial statements are for the 48 weeks to 30 June 2019 (last year 52 weeks to 28 July 2018).

The financial information set out above does not constitute the company's statutory accounts for the periods ended 30 June 2019 or 28 July 2018 but is derived from those accounts. Statutory accounts for the year ended 28 July 2018 have been delivered to the registrar of companies, and those for the period ended 30 June 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The Group remains highly cash generative and currently has sufficient medium and long term facilities in place, including a £250.0m revolving credit facility in place until August 2022.

The directors have conducted an assessment of the Group's financial position, forecasts and projections including consideration of the challenges and uncertainties presented by the current trading environment as outlined in the Chief Executive's Report and the Financial Review. On the basis of this assessment, the Company's directors are satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2 Segmental Analysis

The Group's operating segments under IFRS 8 have been determined based on management accounts reports reviewed by the Executive Board. Segment performance is assessed based upon brand contribution. Brand contribution is defined as underlying EBITDA (being earnings before interest and tax excluding depreciation charges and non-underlying items) excluding property costs and central administration costs.

The Group reviews and manages the performance of its operations on a retail brand basis, and the identified reportable segments and the nature of their business activities are as follows:

DFS: the manufacture and retailing of upholstered furniture and related products through DFS branded stores and websites.

Sofology: the retailing of upholstered furniture and related products through Sofology branded stores and website.

Other segment activities comprise the retailing of upholstered and other furniture and related products through other brands, including Dwell and Sofa Workshop.

Segment revenue and profit

	External sales		**Internal sales**		**Total gross sales**	
	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m	**48 weeks to 30 June 2019 £m**	52 weeks to 28 July 2018 £m	**48 weeks to 30 June 2019 £m**	52 weeks to 28 July 2018 £m
DFS	**850.2**	898.5	**-**	-	**850.2**	898.5
Sofology	**237.7**	155.2	**-**	-	**237.7**	155.2
Other segments	**77.1**	71.9	**0.5**	0.6	**77.6**	72.5
Eliminations	**-**	-	**(0.5)**	(0.6)	**(0.5)**	(0.6)
Gross sales	**1,165.0**	1,125.6	**-**	-	**1,165.0**	1,125.6

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Total segments gross sales	**1,165.0**	1,125.6
Less: value added and other sales taxes	**(183.5)**	(175.8)
Less: costs of interest free credit and aftercare products	**(80.5)**	(79.3)
Revenue	**901.0**	870.5
Of which:		
Furniture sales	**839.5**	807.6
Sales of aftercare products	**61.5**	62.9
Revenue	**901.0**	870.5

48 weeks to 30 June 2019

	DFS £m	**Sofology £m**	**Other £m**	**TOTAL £m**
Revenue	650.6	187.7	62.7	901.0
Cost of sales	(262.5)	(92.3)	(29.0)	(383.8)
Gross profit	388.1	95.4	33.7	517.2
Selling & distribution costs (excluding property costs)	(217.1)	(52.7)	(23.9)	(293.7)
Brand contribution (segment profit)	**171.0**	**42.7**	**9.8**	**223.5**
Property costs				(99.1)
Underlying administrative expenses				(59.3)
Underlying EBITDA				65.1

2 Segmental Analysis (continued)

52 weeks to 28 July 2018

	DFS £m	Sofology £m	Other £m	TOTAL £m
Revenue	689.2	122.8	58.5	870.5
Cost of sales	(276.7)	(61.0)	(25.9)	(363.6)
Gross profit	412.5	61.8	32.6	506.9
Selling & distribution costs (excluding property costs)	(223.9)	(35.3)	(22.3)	(281.5)
Brand contribution (segment profit)	**188.6**	**26.5**	**10.3**	**225.4**
Property costs				(99.1)
Underlying administrative expenses				(50.2)
Underlying EBITDA				76.1

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Underlying EBITDA	**65.1**	76.1
Non-underlying items	**(4.4)**	(9.9)
Depreciation & amortisation	**(28.2)**	(28.3)
Operating profit	**32.5**	37.9
Finance income	**0.2**	0.1
Finance expenses	**(10.3)**	(12.2)
Profit before tax	**22.4**	25.8

A geographical analysis of revenue is presented below:

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2019 £m
United Kingdom	**872.0**	839.7
Europe	**29.0**	30.8
Total revenue	**901.0**	870.5

Segment assets and liabilities

	Assets		**Liabilities**	
	30 June 2019 £m	28 July 2018 £m	**30 June 2019 £m**	28 July 2018 £m
DFS	645.4	662.4	(236.6)	(249.6)
Sofology	91.0	87.3	(66.1)	(61.7)
Other segments	34.6	33.5	(37.4)	(33.2)
Total segments	**771.0**	783.2	**(340.1)**	(344.5)
Loans and financing	-	-	(194.0)	(195.7)
Financial assets/(liabilities)	7.7	5.3	(0.7)	(1.2)
Current tax	-	-	(0.8)	(2.7)
Deferred tax	8.7	8.0	-	-
Eliminations	(24.7)	(22.3)	24.7	22.3
Total Group	**762.7**	774.2	**(510.9)**	(521.8)

2 Segmental Analysis (continued)

Segment assets comprises tangible and intangible non-current assets including goodwill and brand names, inventories, trade and other receivables, cash and cash equivalents. Segment liabilities comprises trade payables and current and non-current other liabilities and provisions.

	Additions to non-current assets		**Depreciation and amortisation**	
	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m	**48 weeks to 30 June 2019 £m**	52 weeks to 28 July 2018 £m
DFS	24.5	20.7	19.5	21.4
Sofology	3.8	2.3	5.9	4.3
Other segments	1.1	4.1	2.8	2.6
Total Group	**29.4**	27.1	**28.2**	28.3

Additions to non-current assets represents includes both tangible and intangible non-current assets but excludes amounts arising on acquisition.

3 Operating profit

Group operating profit is stated after charging/(crediting):

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Depreciation on tangible assets	**23.3**	24.1
Net gain on disposal of property, plant and equipment	**(0.8)**	(0.9)
Amortisation of intangible assets	**4.9**	4.2
Cost of inventories recognised as an expense	**393.8**	371.2
Write down of inventories to net realisable value	**0.2**	0.6
Other cost of sales variances	**(10.2)**	(8.2)
Operating lease rentals	**73.6**	74.2

Non-underlying items	**48 weeks to 30 June 2019 £m**	52 weeks to 28 July 2018 £m
Acquisition related professional fees	**0.2**	2.6
Estimated additional consideration	**-**	5.0
Integration costs	**3.3**	2.0
Restructuring costs	**0.9**	0.3
	4.4	9.9

Acquisition related professional fees, additional consideration and integration costs arose on the Group's acquisition of Sofology Limited and certain assets from Multiyork (note 9). Restructuring costs relate to exceptional restructuring activity within the DFS brand and Group support centre, to align with the revised ways of working following the Sofology Limited acquisition.

4 Finance expense

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Interest payable on senior loan facility	**-**	(0.1)
Interest payable on senior revolving credit facility	**(6.8)**	(7.0)
Bank fees	**(0.2)**	(0.1)
Fair value lease adjustment unwind	**(2.7)**	(3.0)
Unwind of discount on provisions	**(0.1)**	(0.1)
Finance lease interest	**(0.5)**	(0.4)
Underlying finance expense	**(10.3)**	(10.7)
Non-underlying refinancing costs	**-**	(1.5)
Total finance expense	**(10.3)**	(12.2)

Non-underlying finance costs relate to the refinancing of the Group's borrowings.

5 Earnings per share

	48 weeks to 30 June 2019 Pence	52 weeks to 28 July 2018 Pence
Basic earnings per share	**8.6**	8.9
Diluted earnings per share	**8.4**	8.9

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Profit attributable to equity holders of the parent company	**18.1**	18.8

	30 June 2019 £m	28 July 2018 £m
Weighted average number of shares for basic earnings per share	**212,008,955**	211,631,564
Dilutive effect of employee share based payment awards	**3,144,296**	1,301,607
Weighted average number of shares for diluted earnings per share	**215,153,251**	212,933,171

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.

	48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Profit for the year attributable to equity holders of the parent company	**18.1**	18.8
Non-underlying loss after tax	**3.6**	10.7
Underlying profit for the year attributable to equity holders of the parent	**21.7**	29.5

	48 weeks to 30 June 2019 Pence	52 weeks to 28 July 2018 Pence
Underlying basic earnings per share	**10.3**	14.0
Underlying diluted earnings per share	**10.1**	13.9

6 Dividends

			48 weeks to 30 June 2019 £m	52 weeks to 28 July 2018 £m
Final ordinary dividend for FY17	7.5p	paid	**-**	15.9
Interim ordinary dividend for FY18	3.7p	paid	**-**	7.8
Final ordinary dividend for FY18	7.5p	paid	**15.9**	-
Interim ordinary dividend for FY19	3.7p	paid	**7.9**	-
			23.8	23.7

The directors recommend a final dividend of 7.5 pence per share in respect of the financial period ended 30 June 2019, resulting in a total proposed dividend of £15.9m. Subject to shareholder approval it is intended that this dividend will be paid on 27 December 2019. DFS Furniture plc shares will trade ex-dividend from 5 December 2019 and the record date will be 6 December 2019. This dividend has not therefore been recognised as a liability in these financial statements.

7 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.

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.

8 Capital expenditure

For the 48 weeks to 30 June 2019, additions of property, plant and equipment (including those acquired under finance leases) totalled £22.5m (2018: £22.4m). Additions of intangible assets (computer software) totalled £6.9m (2018: £4.7m).

At 30 June 2019 the Group had contracted capital commitments of £5.4m (2018: £3.9m) for which no provision has been made in the financial statements.

9 Business combinations

Sofology

On 30 November 2017 the Group acquired 100% of the issued share capital of Sofology Limited, a UK based living room furniture retailer with a focus on upholstered furniture. This acquisition has added a further strong distinctive brand to the Group's current portfolio, supporting the Group's existing strategy of developing its appeal to a broader range of customers.

Initial cash consideration payable was £26.0m, (equivalent to £25m on a debt-free, cash-free basis), with deferred contingent consideration payable based on underlying earnings before interest, tax, depreciation and amortisation for the 12 months ended 30 September 2018 (the "earn-out period"). Based on the immediate post-acquisition performance of the acquired business, the Directors estimated that no further consideration would be payable and this is reflected in the acquisition accounting.

As noted in last year's annual report, the post-acquisition performance of the business strengthened and £5.0m of additional consideration was subsequently accrued in FY18, recognised as a non-underlying expense in the income statement. The accounting confirmation procedures under the sale and purchase agreement have not yet concluded, however the Directors' view of the amount potentially payable has not changed and accordingly this accrual remains in place at 30 June 2019. On determination and settlement of the final amount due, any difference between that and the amount accrued will be recognised as a non-underlying expense or credit.

The goodwill of £28.4m arising from the acquisition is attributable to the established store network, workforce, designs and technologies of the acquired business and cost savings realised in the combined businesses through economies of scale and other synergies.

9 Business combinations (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out below:

Recognised amounts of identifiable assets acquired and liabilities assumed **Provisional fair value**	**£m**
Property, plant & equipment	18.7
Intangible assets – software	1.3
Intangible assets – brand name	13.8
Inventories	13.1
Cash	5.9
Trade and other receivables	5.0
Trade payables and other liabilities	(51.7)
Fair value lease creditor	(7.4)
Deferred tax	(1.1)
Total identifiable net liabilities	(2.4)
Goodwill	28.4
Total consideration	26.0
Satisfied by:	
Cash consideration	26.0
Contingent consideration	-
Total consideration	26.0
Cash consideration	26.0
Less: cash and cash equivalent balances acquired	(5.9)
Net cash outflow arising on acquisition	20.1

Multiyork

On 27 December 2017 the Group acquired eight store leases and certain assets and intellectual property from Multiyork Furniture Limited following that business entering administration. Cash consideration for this transaction, which was accounted for as a business combination, was £1.2m and was recognised as goodwill. In addition, £0.1m of related acquisition costs were recognised in non-underlying administrative expenses in the prior year.

10 Net debt

	28 July 2018 **£m**	**Cash flow** **£m**	**Other non-cash changes** **£m**	**30 June 2019** **£m**
Cash in hand, at bank	47.2	(17.4)	-	**29.8**
Cash and cash equivalents	47.2	(17.4)	-	**29.8**
Senior revolving credit facility	(195.7)	2.0	(0.3)	**(194.0)**
Finance lease liabilities	(10.5)	3.5	(5.1)	**(12.1)**
Total net debt	(159.0)	(11.9)	(5.4)	**(176.3)**

Non-cash changes include the addition of new finance leases within the period of £5.1m and the amortisation of capitalised debt issue costs of £0.3m.

11 Annual General Meeting

The Annual General Meeting will be held on 14 November 2019 at 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA. The Annual Report and Accounts and Notice of Meeting will be sent to shareholders and copies will be available from the Company's registered office: 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA and on the Company's website at www.dfscorporate.co.uk.

12 Alternative Performance Measures

In reporting the Group's financial performance, the Directors make use of a number of alternative performance measures (APMs) in addition to those defined or specified under EU-adopted International Financial Reporting Standards (IFRS).

The Directors consider that these APMs provide useful additional information to support understanding of underlying trends and business performance. In particular, APMs enhance the comparability of information between reporting periods by adjusting for non-underlying items. APMs are therefore used by the Group's Directors and management for internal performance analysis, planning and incentive setting purposes in addition to external communication of the Group's financial results.

In order to facilitate understanding of the APMs used by the Group, and their relationship to reported IFRS measures, definitions and numerical reconciliations are set out below. Definitions of APMs may vary from business to business and accordingly the Group's APMs may not be directly comparable to similar APMs reported by other entities.

Notes to FY19

The Group has changed its accounting reference date to 30 June and accordingly the results for FY19 are for the 48 weeks ended 30 June 2019. To enable meaningful comparatives for reported key performance indicators, figures for the 52 weeks ended 30 June 2019 have [also] been presented.

Sofology was acquired on 30 November 2017 and therefore contributed for only eight months (34 weeks) of the comparative period.

APM	Definition	Rationale
Like-for-like revenue	Revenue from all online and telephone channels and those retail showrooms which have been open for at least one full financial year and not identified as impacted by new showroom openings in the current or comparative period.	Provides insight into year on year changes in the underlying trading environment by excluding distortions from new showroom openings.
LTM FY19	Last twelve months/52 weeks ended 30 June 2019 (unaudited, pro-forma period).	A twelve month period is required to enable comparison to reported results for previous periods. The seasonal nature of the Group's activity means that many KPIs are only meaningful when assessed on a full year basis.
Gross sales	Amounts payable by external customers for goods and services supplied by the Group, including aftercare services (for which the Group acts as an agent), delivery charges and value added and other sales taxes	Key measure of overall sales performance which unlike IFRS revenue is not affected by the extent to which customers take up the Group's interest free credit offering.
Brand contribution	Gross profit less selling and distribution costs, excluding property and administration costs.	Measure of brand-controllable profit as it excludes shared Group costs.
EBITDA	Earnings before interest, taxation, depreciation and amortisation	A commonly used simple cash profit measure.
Non-underlying items	Certain material, unusual or non-recurring items which the directors believe are not indicative of the Group's underlying performance	Clear and separate identification of such items facilitates understanding of underlying trading performance.

12 Alternative Performance Measures (continued)

Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation, as adjusted for non-underlying items.	Simple cash profit measure reflecting underlying trading performance.
Underlying profit before tax and brand amortisation	Profit before tax adjusted for non-underlying items and amortisation associated with the acquired brands of Sofology, Dwell and Sofa Workshop.	Profit measure widely used by investors and analysts.
Underlying earnings per share	Post-tax earnings per share as adjusted for non-underlying items.	Exclusion of non-underlying items facilitates year on year comparisons of the key investor measure of earnings per share.
Free cash flow	Sum of Underlying EBITDA, less gross capital expenditure and changes in working capital.	Measure of the cash flow generated by the Group beyond that required to invest in its business activities.
Leverage (or gearing)	The ratio of period end net debt to underlying EBITDA for the previous twelve months.	Key measure for banking facilities which indicates the relative level of borrowings to profit.
Return on capital employed (ROCE)	Post-tax operating profit before non-underlying items plus operating lease charges, expressed as a percentage of the sum of: property, plant & equipment, computer software, working capital and 8x operating lease charges.	Represents the post-tax return the Group achieves on the investment it has made in its business.

Reconciliations to IFRS measures

EBITDA	**FY19 £m**	**LTM FY19 £m**	**FY18 £m**
Operating profit	32.5	54.3	37.9
Depreciation	23.3	25.8	24.1
Amortisation	4.9	5.0	4.2
EBITDA	60.7	85.1	66.2

Underlying EBITDA	**FY19 £m**	**LTM FY19 £m**	**FY18 £m**
EBITDA	60.7	85.1	66.2
Non-underlying operating items	4.4	5.1	9.9
Underlying EBITDA	65.1	90.2	76.1

Underlying profit before tax and brand amortisation	**FY19 £m**	**LTM FY19 £m**	**FY18 £m**
Profit before tax	22.4	43.6	25.8
Non-underlying items	4.4	5.1	11.4
Amortisation of brand names	1.4	1.5	1.1
Underlying profit before tax and brand amortisation	28.2	50.2	38.3

12 Alternative Performance Measures (continued)

Free cash flow	**LTM FY19 £m**	**FY18 £m**
Underlying EBITDA	90.2	76.1
Acquisition of property, plant and equipment	(19.4)	(17.3)
Acquisition of other intangible assets	(6.9)	(4.7)
Cash capital expenditure	(26.3)	(22.0)
Share based payment expense	2.6	2.8
Increase in debtors	(1.9)	(1.7)
Increase in inventories	3.2	(4.7)
Increase in trade and other payables	25.5	11.0
Decrease in provisions	(0.7)	(1.1)
Change in working capital	28.7	6.3
Free cash flow generation	92.6	60.4

Leverage	**LTM FY19 £m**	**FY18 £m**
Underlying EBITDA	90.2	76.1
Period end net debt (note 10)	176.3	159.0
Leverage (net debt/underlying EBITDA)	1.95x	2.09x

Return on capital employed	**LTM FY19 £m**	**FY18 £m**
Operating profit	54.3	37.9
Non-underlying operating items	5.1	9.9
Operating lease charge	80.2	74.2
Pre-tax return	139.6	122.0
Effective tax rate	*19.0%*	*20.7%*
Tax adjusted return (A)	**113.1**	**96.7**
Property, plant and equipment	89.9	91.1
Computer software	10.5	7.1
	100.4	98.2
Inventories	54.8	54.4
Trade receivables	9.1	7.6
Prepayments	22.8	22.6
Accrued income	0.6	0.6
Other receivables	0.3	0.4
Payments received on account	(42.2)	(37.1)
Trade payables	(106.9)	(120.4)
Working capital	(61.5)	(71.9)
8 times lease charge	641.6	593.6
Total capital employed (B)	**680.5**	**619.9**
ROCE (A/B)	**16.6%**	**15.6%**

This preliminary results statement, 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 preliminary results statement 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.