BEALE
PLC

Interim Report and Accounts 2012

BEALE
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Beales Online

The Group continues to develop its internet sales, with the introduction of many new ranges, some of which may not be available in all stores. Visit www.beales.co.uk to review our wide range of direct delivered merchandise.

We use social networks to promote and sell products. Facebook and Twitter have also been used to launch our online Linens Shop www.discountlinenshop.co.uk

For more information go to
www.beales.co.uk

Interim Management Report

26 weeks ended 28 April 2012

Financial results

Despite an increase in gross sales of 49% to £70.8 million, attributable to the acquisition of the 19 stores from the Anglia Regional Co-Operative Society Limited (ARCS) in May 2011, the Group has recorded a loss for the period of £0.9 million as compared to the loss last year of £1.2 million (which included an exceptional charge of £1.3 million). This year's results are set against a backdrop of a harsh retail environment, which has been exacerbated by the challenging environment for sales of electrical goods which formed a significant percentage of sales of the acquired stores. These results are disappointing and like for like sales have fallen albeit at a much slower level than last year. Excluding the 19 department stores acquired from ARCS, in the first half like for like gross sales declined by 6.7%.

The overall gross margin was 51.7% compared to 52.6% in the same period the previous year. The fall in gross margin was largely due to the increased mix of electrical sales in the current year, which are subject to materially lower gross margin than the other product categories.

The ARCS stores continue to be integrated with all stores now trading as Beales Department Stores.

Net debt

The Group's net debt has increased from £7.9 million as at 30 April 2011 to £13.8 million on 28 April 2012. The increase is attributable to the acquisition of the ARCS stores in May 2011.

Dividends

No dividend is proposed *(2011: nil)*.

Related Party Transactions

Related party transactions are disclosed in note 14 to the condensed set of financial statements. There have been no material changes in the related party transactions as described in the last financial report.

Directors

It is with regret that Ken Owst decided to resign from the Group after 18 years of service. Ken has made an outstanding contribution to the Company over this period and we wish him well in pursuing his future career. Michael Hitchcock has joined the Group in his role as an interim Finance Director and has made an immediate impact by working with management to secure the refinancing of the revolving credit facility.

Post balance sheet events

On a positive note, the Group has achieved a number of significant objectives since the 28th April 2012, details of which are set out below.

The Group has successfully negotiated a refinancing of its revolving credit facility with HSBC (the "HSBC Facility") (see note 1 to the Interim Report and Accounts). This has been achieved by negotiation and collaboration with our key stakeholders. In conjunction with the refinancing of the HSBC Facility we have agreed with ARCS to lower loan repayments on an annual basis as well as an agreement to amend the contributions to the pension plan with the Beales pension trustees. The HSBC Facility extends for three years and four months which will allow the management team sufficient time and operating flexibility to scope and execute the strategic plan that has been developed. Details of the plan will be announced following the completion of the scoping exercise.

A new store was opened in Maidstone on 1 June 2012 and is trading as our first Beales Outlet. It has been trading well and it will be our intention to convert at least one other existing store into this new format if this pilot proves successful in a location where we believe the market will be more attractive for a department store value offer.

We also launched our new Beale loyalty scheme and have exceeded our target by attracting in excess of 75,000 members to date. We believe that this scheme will prove attractive to our customers and incentivise them to concentrate their spending in our stores. In addition we have continued to make progress in the development of our online offer with the introduction of our Discounts Linen Shop and improvements in our website.

Outlook, including risks and uncertainties

The consumer outlook remains challenging and unpredictable given the current UK economic uncertainties and the impact of the Euro crisis. The refinancing of the revolving credit facility provides the business with the opportunity to take the necessary strategic steps to see itself through the on-going recession.

Given the continued difficult retail environment, the Group is trading in line with management expectations but is unlikely to generate a profit in the current year. Whilst noting the comments in note 1 on going concern, the Group will continue to operate the business with a cost structure appropriate to deliver our proposition, whilst ensuring that our consumer offers are attractive so that we are poised to take advantage of any upturn when the consumer market recovers.

Keith Edelman
Chairman
27 June 2012

Tony Brown
Chief Executive
27 June 2012

Interim Management Report continued

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, included in the consolidation as a whole as required by DTR 4.2.4R;

(b) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(c) 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 principal risks and uncertainties for the remaining six months of the year); and

(d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Keith Edelman
Chairman
27 June 2012

Tony Brown
Chief Executive
27 June 2012

This Interim Management Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Management Report should not be relied on by any other party or for any other purpose.

The Interim Management Report contains certain forward-looking statements about the future outlook for the Group. Although the directors believe that these statements are based on reasonable assumptions, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Condensed Consolidated Income Statement

26 week period ended 28 April 2012 — Unaudited

	Notes	26 weeks to 28 April 2012 £000	26 weeks to 30 April 2011 £000	Audited 52 weeks to 29 October 2011 £000
Gross sales*	2	**70,846**	*47,599*	*110,027*
Revenue – continuing operations	2	**39,717**	*27,273*	*61,969*
Cost of sales		**(19,179)**	*(12,923)*	*(30,158)*
Gross profit		**20,538**	*14,350*	*31,811*
Administrative expenses		**(21,142)**	*(14,133)*	*(35,643)*
Exceptional administrative (expenses)/income	3	**–**	*(1,298)*	*4,800*
Operating (loss)/profit – continuing operations		**(604)**	*(1,081)*	*968*
Finance expense		**(358)**	*(134)*	*(426)*
Finance income		**1**	*1*	*1*
(Loss)/profit on ordinary activities before tax		**(961)**	*(1,214)*	*543*
Taxation credit on (loss)/profit	5	**24**	*—*	*58*
(Loss)/profit for the period from continuing operations attributable to equity members of the parent		**(937)**	*(1,214)*	*601*
Basic (loss)/earning per share	6	**(4.56)p**	*(5.91)p*	*2.93p*
Diluted (loss)/earning per share	6	**(4.56)p**	*(5.91)p*	*2.80p*

* Gross sales reflect revenue inclusive of concession sales and VAT, all from continuing operations.

Condensed Consolidated Balance Sheet

As at 28 April 2012 - Unaudited

	Notes	**28 April 2012 £000**	*30 April 2011 £000*	*Audited 29 October 2011 £000*
Non-current assets				
Goodwill	7	**892**	*892*	*892*
Property, plant and equipment		**27,024**	*23,933*	*26,586*
Financial assets		**16**	*16*	*16*
Derivative asset	8	**1,405**	—	*1,233*
		29,337	*24,841*	*28,727*
Current assets				
Inventories		**15,759**	*8,838*	*16,462*
Trade and other receivables		**5,961**	*4,822*	*5,676*
Cash and cash equivalents		**847**	*113*	*738*
		22,567	*13,773*	*22,876*
Total assets		**51,904**	*38,614*	*51,603*
Current liabilities				
Trade and other payables		**(13,494)**	*(8,952)*	*(15,797)*
Tax liabilities		**(35)**	*(35)*	*(35)*
Borrowings, bank loan & overdrafts		**(6,500)**	*(183)*	*(3,850)*
		(20,029)	*(9,170)*	*(19,682)*
Net current assets		**2,538**	*4,603*	*3,194*
Non-current liabilities				
Preference shares	9	**(6,368)**	—	*(6,147)*
Borrowings		**(1,750)**	*(7,800)*	*(1,750)*
Retirement benefit obligations	11	**(203)**	*(2,482)*	*(203)*
Lease incentives		**(3,409)**	*(2,166)*	*(2,736)*
Deferred tax liabilities		**(3,158)**	*(2,639)*	*(3,248)*
Obligations under finance leases		**(979)**	*(979)*	*(979)*
		(15,867)	*(16,066)*	*(15,063)*
Total liabilities		**(35,896)**	*(25,236)*	*(34,745)*
Net assets		**16,008**	*13,378*	*16,858*
Equity				
Share capital		**1,026**	*1,026*	*1,026*
Share premium account		**440**	*440*	*440*
Revaluation reserve		**9,042**	*8,177*	*9,010*
Capital redemption reserve		**54**	*242*	*54*
ESOP reserve		**(22)**	*(23)*	*(22)*
Retained earnings		**5,468**	*3,516*	*6,350*
Total equity		**16,008**	*13,378*	*16,858*

Condensed Consolidated Statement of Comprehensive Income

26 week period ended 28 April 2012 — Unaudited

	26 weeks to 28 April 2012 £000	26 weeks to 30 April 2011 £000	Audited 52 weeks to 29 October 2011 £000
Actuarial gain on pension scheme	—	—	743
Revaluation	—	—	1,046
Tax on revaluation reserve	87	—	(163)
Tax on items taken directly to equity	—	—	39
Net income recognised directly in equity	**87**	—	1,665
(Loss)/profit for the period	**(937)**	(1,214)	601
Total comprehensive (loss)/income for the period	**(850)**	(1,214)	2,266

Condensed Consolidated Statement of Changes in Equity

26 week period ended 28 April 2012 — Unaudited

	26 weeks to 28 April 2012 £000	26 weeks to 30 April 2011 £000	52 weeks to 29 October 2011 £000
Opening equity	**16,858**	14,592	14,592
Total comprehensive (loss)/profit for the period	**(850)**	(1,214)	2,266
Total movements in equity for the period	**(850)**	(1,214)	2,266
Closing equity	**16,008**	13,378	16,858

Condensed Consolidated Statement of Changes in Equity

26 week period ended 28 April 2012 — Unaudited

	Share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	ESOP reserve £000	Retained earnings £000
At 1 November 2010	*1,026*	*440*	*8,226*	*242*	*(27)*	*4,685*
Profit for period	—	—	—	—	—	*(1,214)*
EPOS reserve loss for the period	—	—	—	—	*4*	*(4)*
Transfer from revaluation reserve	—	—	*(49)*	—	—	*49*
30 April 2011	*1,026*	*440*	*8,177*	*242*	*(23)*	*3,516*
Loss for the period	—	—	—	—	—	*1,815*
Revaluation increase in land & building	—	—	*1,046*	—	—	—
Tax Comprehensive income	—	—	—	—	—	*39*
Deferred tax charge on revaluation reserve	—	—	*(163)*	—	—	—
EPOS reserve loss for the period	—	—	—	—	*1*	*(1)*
Transfer from capital redemption reserve	—	—	—	*(188)*	—	*188*
Transfer from revaluation reserve	—	—	*(50)*	—	—	*50*
Net actuarial gain	—	—	—	—	—	*743*
29 October 2011	*1,026*	*440*	*9,010*	*54*	*(22)*	*6,350*
Loss for the period	—	—	—	—	—	*(937)*
Deferred tax on revaluation reserve	—	—	*87*	—	—	—
Transfer from revaluation reserve	—	—	*(55)*	—	—	*55*
28 April 2012	**1,026**	**440**	**9,042**	**54**	**(22)**	**5,468**

Condensed Consolidated Cash Flow Statement

26 week period ended 28 April 2012 — Unaudited

	Notes	**26 weeks to 28 April 2012 £000**	*26 weeks to 30 April 2011 £000*	*Audited 52 weeks to 29 October 2011 £000*
Cash (outflow)/inflow from operating activities before interest and tax	10	**(1,152)**	*1,094*	*1,688*
Interest paid		**(149)**	*(143)*	*(260)*
Interest received		**1**	*1*	*1*
Net cash (used in)/generated from operating activities		**(1,300)**	*952*	*1,429*
Cash (outflow)/inflow from investing activities				
Purchase of property, plant and equipment		**(1,241)**	*(688)*	*(2,267)*
Purchase of new business		**—**	*—*	*(4,390)*
Net cash used in investing activities		**(1,241)**	*(688)*	*(6,657)*
Cash inflow/(outflow) from financing activities				
Preference shares issued		**—**	*—*	*8,500*
Increase/(decrease) in bank loans		**2,900**	*(800)*	*(5,500)*
(Repayment)/increase in ARCS loan		**(250)**	*—*	*2,500*
Net cash generated from/(used in) financing activities		**2,650**	*(800)*	*5,500*
Net increase/(decrease) in cash and cash equivalents in the period		**109**	*(536)*	*272*
Cash and cash equivalents at beginning of period		**738**	*466*	*466*
Cash and cash equivalents at end of period		**847**	*(70)*	*738*

Condensed Analysis of Consolidated Net Debt

Period ended 28 April 2012 — Unaudited

	26 weeks to 28 April 2012 £000	*26 weeks to 30 April 2011 £000*	*52 weeks to 29 October 2011 £000*
Cash at bank	**847**	*113*	*738*
Bank overdrafts	**—**	*(183)*	*—*
Cash and cash equivalents (including overdrafts)	**847**	*(70)*	*738*
Borrowings:			
Debt due within one year — Bank loan	**(6,000)**	*—*	*(3,100)*
— ARCS loan	**(500)**	*—*	*(750)*
	(6,500)	*—*	*(3,850)*
Debt due after one year			
Preference shares	**(6,368)**	*—*	*(6,147)*
ARCS loan	**(1,750)**	*—*	*(1,750)*
Bank loan	**—**	*(7,800)*	*—*
	(8,118)	*(7,800)*	*(7,897)*
Total borrowings	**(14,618)**	*(7,800)*	*(11,747)*
Net debt	**(13,771)**	*(7,870)*	*(11,009)*

Notes to the Condensed Consolidated Financial Statements

Unaudited

1. Accounting Policies

Basis of preparation

The Interim Financial Statements for the 26 weeks ended 28 April 2012 have been prepared on the basis of the accounting policies set out in the Group's financial statements for the 52 weeks ended 29 October 2011.

Going Concern

The Group and Company have met their day-to-day working capital requirements through the use of one principal bank loan facility of £9 million which was repayable on 28 February 2013 and an overdraft facility of £112,000 which was repayable on demand. Since 28 April 2012, the business has re-negotiated its principal banking facilities. The business now has a £8.5m facility and any outstanding balance is repayable on 31 October 2015 and an overdraft facility of £112,000 which is repayable on demand.

The bank facilities are secured on the freehold properties of the Group. These properties were independently re-valued to £12.6 million as at 29 October 2011.

The bank facilities include a number of financial covenants which require testing at specific dates determined by the bank. The major covenants are the earnings before interest, taxation, depreciation and amortisation and the loan to value covenant. The covenants will initially be tested for the three-month period ending 3 November 2012 and then on a rolling twelve month basis every six months thereafter. A breach of one or more of the covenants could result in the Group's debt becoming repayable. Some of the covenants simply allow an independent third party to be instructed to carry out an independent business review of the Group and provide a report on such matters relating to the Borrower and the Group as the lender considers necessary or desirable. Should a covenant breach become likely, there are certain mitigating actions that the Group could take to avoid being in breach; these include implementing cost reductions, stimulating trade by promotions and seeking to materialise value from various assets held on the Group balance sheet.

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern, these risks, the most significant of which are the impact on consumer behaviour and in turn the impact on the level of the Group's sales, have been considered by the Directors.

The Directors have prepared forecast information for the 2011/12 year and a three year corporate plan. Based on these forecasts, forward covenant tests after applying financial sensitivities based on likely scenarios and mitigating actions, show that none of the covenants are forecast to be breached in the foreseeable future. The forecast and corporate plan are based on market data and past experience and the Directors have formed a judgement that at the time of approving these interim statements, based on those forecasts and projections, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis is adopted in preparing these interim statements.

2. Revenue

All the Group's revenue is derived from retail sales made in the UK. Revenue excludes VAT and the non-commission element of sales made by concession outlets.

	26 weeks to 28 April 2012 £000	*26 weeks to 30 April 2011 £000*	*52 weeks to 29 October 2011 £000*
Gross sales	**70,846**	*47,599*	*110,027*
VAT	**(11,615)**	*(7,389)*	*(17,579)*
Gross sales (excluding VAT)	**59,231**	*40,210*	*92,448*
Agency sales less commission	**(19,514)**	*(12,937)*	*(30,479)*
Revenue	**39,717**	*27,273*	*61,969*

Seasonality of sales

The Group sales are more heavily weighted towards the first half of the calendar year on a like for like basis, with 54.44% *(2010: 54.9%)* of gross annual sales of the previous year being made in the first half on a like for like basis (this excludes the 19 stores acquired from ARCS on 22 May 2011).

3. Exceptional administrative expenses

The Group had an exceptional item of nil *(30 April £1,298,000 and 29 October £4,800,000).* The £1,298,000 exceptional item incurred in the period to April 2011 was acquisition fees arising from the process of acquisition of 19 stores from ARCS. The £4,800,000 arising in the period to October 2011 relates to negative goodwill of £6,626,000 credited to income statement less £1,826,000 of exceptional acquisition and integration costs relating to the acquisition of 19 stores from ARCS.

4. Segment information

The Board have reviewed the requirements of IFRS 8. The individual department stores have similar economic characteristics, products and services, class of customer, method of service provision and regulatory environment. Consequently the directors consider the individual stores can be aggregated into one segment.

Notes to the Condensed Consolidated Financial Statements

Unaudited

5. Tax

A tax credit has arisen of £24,000 *(2011: nil)* as a result of the deferred tax rate falling from 25% to 24%. The total tax credit for the 52 weeks ended 29 October 2011 was calculated at 10.68%.

Tax for the six month period is credited at 2.5% *(26 weeks ended 30 April 2011: 0%; 52 weeks ended 29 October 2011: 10.68%)*.

6. (Loss)/earnings per share

	26 weeks to 28 April 2012	*26 weeks to 30 April 2011*	*52 weeks to 29 October 2011*
Weighted average number of shares in issue for the purpose of basic earnings per share	**20,524,797**	*20,524,797*	*20,524,797*
Dilution – share reward schemes	**949,874**	*—*	*949,874*
	21,474,671	*20,524,797*	*21,474,671*
	£000	*£000*	*£000*
(Loss)/profit for basic and diluted earnings per share	**(937)**	*(1,214)*	*601*
	Pence	*Pence*	*Pence*
Basic (loss)/earnings per share	**(4.56)**	*(5.91)*	*2.93*
Basic (loss)/earnings per share before exceptional item	**(4.56)**	*0.41*	*(20.46)*
Diluted (loss)/earnings per share	**(4.56)**	*(5.91)*	*2.80*

No dividend was paid *(2011: nil per share)*.

7. Goodwill

As at 28 April 2012 the directors carried out an impairment review. The Board concluded the goodwill had not suffered any impairment. A review at the half year is undertaken to ensure there are no indicators of impairment.

8. Derivative asset

	28 April 2012 £000	*30 April 2011 £000*	*29 October 2011 £000*
Embedded Derivative	**1,405**	—	*1,233*

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, as with the 8.5m preference shares, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

No dividend accrues on the preference shares until five years from the date of issue. Thereafter a preferential dividend of 8 percent per annum will be payable on each of the preference shares for 4 years, increasing to 9% thereafter. The preference shares can be repaid at any time at no penalty.

An embedded derivative in relation to the prepayment option arising on the 8,500,000 preference shares was valued at inception on 22 May 2011 to be £1,078,000. As at 28 April 2012 the derivative was valued at £1,405,000 *(30 April 2011: nil; 29 October 2011: £1,233,000)*. It has been assumed the Group can borrow at 4% over LIBOR without security in determining the credit spread required to value this instrument. The valuations were supplied by an independent third party.

9. Preference shares

	28 April 2012 £000	*30 April 2011 £000*	*29 October 2011 £000*
Preference Shares	**6,368**	—	*6,147*

At the EGM on 17 May 2011 the shareholders approved the issue of 8,500,000 new redeemable preference shares of £1 each in capital of the Company to ARCS.

The preference shares have been recorded at their estimated initial fair value of £5.97m on 22 May 2011. The initial value was established by an independent third party valuer, based on assumptions provided by management including an estimate of the Group's credit spread and based on the interest and cashflows arising in relation to the preference shares and the fact that no dividend will accrue on the preference shares until five years from their date of issue. The preference shares carrying value is stated above on an amortised cost basis. The effective rate of interest arising on the shares is 7.11%. Furthermore the preference shares can be repaid at any time without penalty. The terms of the preference shares are such that an embedded derivative is recognised, details of which are included in note 8.

Notes to the Condensed Consolidated Financial Statements

Unaudited

10. Reconciliation of operating (loss)/profit to cash generated from operating activities

	26 weeks to 28 April 2012 £000	*26 weeks to 30 April 2011 £000*	*52 weeks to 29 October 2011 £000*
Operating (loss)/profit	**(604)**	*(1,081)*	*968*
Adjustments for:			
Cash disbursements of pension obligations (net of charge included within the income statement)	**–**	*–*	*(1,536)*
Negative Goodwill	**–**	*–*	*(6,626)*
Depreciation	**803**	*851*	*1,819*
Fair value movement of derivative	**(172)**	*–*	*(155)*
Decrease/(increase) in inventories	**703**	*657*	*(169)*
Increase in trade and other receivables	**(285)**	*(420)*	*(1,224)*
(Decrease)/increase in trade and other payables	**(1,597)**	*1,087*	*8,611*
Cash (outflow)/inflow from operations	**(1,152)**	*1,094*	*1,688*

11. Retirement benefit obligations

The defined benefit obligations at 28 April 2012 has not been changed from the figures recorded at 29 October 2011. As, in the directors' opinion, movements in significant assumptions, asset values and contributions paid when considered together would not have significantly altered the pension deficit.

12. Post balance sheet event

On 1 June 2012 the Group opened a department store in Maidstone which trades as a Beales Outlet Store as referred to in the Interim Management Report. The lease has been taken on a short term basis.

The Group successfully re-negotiated a refinancing of its revolving credit facility with HSBC as referred to in note 1.

13. Business combination

The directors have reviewed the provisional fair values attributed to the assets and liabilities of the 19 department stores acquired from ARCS on 22 May 2011 and have concluded based on current information no change is required to any of these fair values.

14. Related Party Transactions

On 24 February 2012 Panther Securities PLC who own 29.72% of Beale PLC purchased 3 freeholds from ARCS for £2,250,000, of which £300,000 is deferred until February 2015.

15. Basis of financial information

The condensed set of financial statements included in this interim financial report, approved by the Board of directors on 27 June 2012, does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. This Interim Report and Accounts will be sent to shareholders. Further copies may be obtained from the Company Secretary, Beale PLC, The Granville Chambers, 21 Richmond Hill, Bournemouth BH2 6BJ or directly from the Company website www.beales.co.uk.

The information included in this Interim Financial Statement for the 52 weeks ended 29 October 2011 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the 52 weeks ended 29 October 2011, which were prepared under International Financial Reporting Standards, have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement made under Section 498(2) or (3) of the Companies Act 2006.

The financial year ending 3 November 2012 is a 53 week year.

Independent Review Report to Beale PLC

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 28 April 2012 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 15, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 weeks ended 28 April 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

27 June 2012

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Diss, Norfolk IP22 4AB
Tel: 01379 652248

Harrogate
5 Albert Street
Harrogate, North Yorkshire HG1 1JU
Tel: 01423 523731

Hexham
48 Fore Street
Hexham, Northumberland NE46 1NA
Tel: 01434 602151

Horsham
1 The Forum
Lower Tanbridge Way
Horsham, West Sussex RH12 1PQ
Tel: 01403 225220

Keighley
Beales Home Store
Hanover Street, Keighley, West Yorkshire
BD21 3QJ
Tel: 01535 602776

Beales Fashion Store
Low Street
Keighley, West Yorkshire BD21 3PU
Tel: 01535 602776

Kendal
37/58 Finkle Street
Kendal, Cumbria LA9 4AL
Tel: 01539 720404

King's Lynn
Vancouver Centre
St Dominic's Square
King's Lynn, Norfolk PE30 1DT
Tel: 01553 760981

Lowestoft
141 London Road North
Lowestoft, Suffolk NR32 1ND
Tel: 01502 512444

Maidstone
Beales Outlet Department Store
The Mall
Pads Hill
Maidstone
Kent
ME1 56AT
Tel: 01622 762413

Mansfield
Queen Street
Mansfield, Nottinghamshire NG18 1JR
Tel: 01623 622582

Peterborough
Park Road
Peterborough PE1 2TA
Tel: 01733 887930

Poole
Dolphin Centre
Poole, Dorset BH15 1SQ
Tel: 01202 675721

Redcar
7 Regent Walk
Redcar, Cleveland TS10 3FB
Tel: 01642 491397

Rochdale
Lord Square
Rochdale OL16 1ED
Tel: 01706 646071

Saffron Walden
6 Market Place
Saffron Walden, Essex CB10 1HR
Tel: 01799 582630

Skegness
77-87 Lumley Road
Skegness, Lincolnshire PE25 3LS
Tel: 01754 613600

Skipton
Swadford Street
Skipton, North Yorkshire BD23 1UR
Tel: 01756 791417

Southport
295-307 Lord Street
Southport, Merseyside PR8 1NY
Tel: 01704 535177

Spalding
7 Market Place
Spalding, Lincolnshire PE11 1SL
Tel: 01775 713424

St Neots
57 High Street
St. Neots, Cambridgeshire PE19 1BT
Tel: 01480 473242

Tonbridge
Angel Centre
Angel Lane, Tonbridge, Kent TN9 1SF
Tel: 01732 771177

Winchester
The Brooks
Upper Brook Street, Winchester,
Hampshire SO23 8TL
Tel: 01962 844749

Wisbech
1-2 Church Terrace
Wisbech, Cambridgeshire PE13 1BJ
Tel: 01945 582243

Worthing
South Street
Worthing, West Sussex BN11 3AN
Tel: 01903 231801

Yeovil
High Street
Yeovil, Somerset BA20 1RU
Tel: 01935 444444

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