BEALE PLC

Interim Report and Accounts 2013

Stock code: BAE

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CONTENTS

INTERIM MANAGEMENT REPORT

26 weeks ended 4 May 2013

Financial results

Weather has dominated the context for the performance during the first half of the financial year. A wet and warm autumn led to the delay in autumn/winter fashion sales, Christmas saw a respite with acceptable levels of trading, but then an exceptionally cold spring led to the delay in buying spring/summer fashions. Earlier this month the Met Office said below average temperatures throughout March, April and May made it the fifth coldest spring in national records dating back to 1910 and the coldest spring since 1962. When the weather finally did improve for a brief period of time, our sales performance improved markedly.

For the 26 weeks up to 4 May 2013 our gross sales reduced from £70.8 million to £65.9 million, a reduction of 7%. As we indicated at the end of last year we had made the decision to exit the TV and Audio market which was suffering the impact of ever reducing gross margins to the point where it was no longer commercial to sell the product; this clearly impacted our sales over this period. We have also reviewed our trading strategy and, whereas last year we conducted a number of days where we offered customers large discounts and traded off large sales at lower gross margins, this year we have been much more selective, giving significant promotions but on a far more targeted basis.

Our gross profit has reduced by £2.1 million from £20.5 million in 26 weeks to 28 April 2012 to £18.4 million in 26 weeks to 4 May 2013, administrative expenses however, were reduced year on year by £2.9 million as a result of cost restructuring in the previous year, together with further process improvements on procurement and our catering offer and generally much better cost control. Exceptional costs of £479,000 were incurred relating to the Burdale refinancing and, significantly, the move by the Company from premium to standard listing on the Stock Exchange, which was approved by shareholders on 22 February 2013, the Company effecting this change on 20 May 2013. This change in listing allows us to take advantage of realising asset sales for shareholders without the need to incur prohibitively high transaction costs to implement such opportunities. It is worthy of note that without this Exceptional cost of £479,000, we would have been able to report an operating profit of £145,000. This is I believe a credible result given the economic and retail backdrop and compares favourably with the loss last year of £604,000. This is an improvement of £749,000 at the operating profit level for the 26 weeks to 4 May 2013 when compared to 26 weeks to 28 April 2012.

The Company has recently entered into a transaction re the Tonbridge store where the Company had a lease up to June 2031. The Company has entered into a transaction with Sainsbury's on 24 April 2013 whereby the Company received £1 million on 25 April 2013 and, subject to successful planning and certain other pre-conditions being satisfied, the Company will receive a further £3 million on the lease surrender. The £1 million will be taken to profit over the period between the date of receipt and the anticipated date of lease surrender. The contract effectively gives Sainsbury's up to April 2019 to achieve this permission and the pre-conditions; otherwise the store reverts back to Beale. In the interim period we will continue to trade at

INTERIM MANAGEMENT REPORT continued

Tonbridge and will continue discussions with the landlord for Beale to be part of the future redevelopment so that we can maintain our presence in that location.

I would like to draw shareholders' attention to our cash flow where we have achieved a cash inflow from operating activities before interest and tax of some £2.3 million as compared to an outflow last year of some £1.2 million. The closure of the store card account materially assisted on the cash inflow. I believe this is a good reflection of the robust way that management are utilising the resources of the Company in the most efficient and economic manner.

Net debt

The net debt of the business reduced slightly as at 4 May 2013 to £13.7 million as compared to £13.8 million on 28 April 2012.

Dividends

The Board is not proposing a dividend (*2012: nil*).

Related Party Transactions

Shareholders should note that on page 16 of the accounts details of Panther Securities related party transactions are outlined in note 14.

Directors

I announced on 10 June my intention to stand down as a Director and from the Chairmanship of Beale. I have enjoyed working with the Board, staff and meeting all stakeholders. Until we have secured a suitable replacement I will continue as Chairman and will be fully committed to the business.

Staff

I would like to thank all our staff and in particular Michael Hitchcock and Tony Richards, Trading Director, for their efforts and achievements in what is a difficult retailing environment.

Outlook

The consumer outlook continues to be challenging with a number of factors outside of our control conspiring to work against the progress achieved in the last six months. The business successfully refinanced its balance sheet earlier this year with covenants that allowed some flexibility in its performance. The refinanced facility runs for a period of three years. Covenants are currently specified to the end of October 2013 and the facility states that, for covenant levels beyond October, the Lender, acting reasonably, will determine new Trading Cashflow covenant levels for the following financial year based on the Annual Revised Forecasts and consistent with the methodology applied by the Lender in determining the financial covenant levels set out in the agreement. Management will work closely with its lenders to ensure the ongoing provision of the necessary level of finance is available to the Group. Management are continuing with the proactive and positive initiatives to take the business forward and have a number of mitigating actions and strategic options that it can effect, if necessary, should trading levels fall below those currently anticipated.

Keith Edelman
Chairman
3 July 2013

Michael Hitchcock
Chief Executive
3 July 2013

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
3 July 2013

Michael Hitchcock
Chief Executive
3 July 2013

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 4 May 2013 — Unaudited

	Notes	**26 weeks to 4 May 2013 £000**	*26 weeks to 28 April 2012 £000*	*Audited 53 weeks to 3 November 2012 £000*
Gross sales*	2	**65,919**	*70,846*	*135,549*
Revenue – continuing operations	2	**35,588**	*39,717*	*74,609*
Cost of sales		**(17,215)**	*(19,179)*	*(36,833)*
Gross profit		**18,373**	*20,538*	*37,776*
Administrative expenses		**(18,228)**	*(21,142)*	*(40,712)*
Exceptional administrative expenses	3	**(479)**	*—*	*(2,082)*
Total administrative expenses		**(18,707)**	*(21,142)*	*(42,794)*
Operating profit/(loss) before exceptional items		**145**	*(604)*	*(2,936)*
Operating loss – continuing operations		**(334)**	*(604)*	*(5,018)*
Finance expense		**(413)**	*(358)*	*(733)*
Finance income		**1**	*1*	*1*
Loss on ordinary activities before tax		**(746)**	*(961)*	*(5,750)*
Taxation credit/(charge) on loss	5	**—**	*24*	*(59)*
Loss for the period from continuing operations attributable to equity members of the parent		**(746)**	*(937)*	*(5,809)*
Basic loss per share	6	**(3.63)p**	*(4.56)p*	*(28.3)p*
Diluted loss per share	6	**(3.63)p**	*(4.56)p*	*(28.3)p*

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 4 May 2013 — Unaudited

	Notes	**4 May 2013 £000**	*28 April 2012 £000*	*Audited 3 November 2012 £000*
Non-current assets				
Goodwill	7	**892**	*892*	*892*
Property, plant and equipment		**24,775**	*27,024*	*25,204*
Financial assets		**—**	*16*	*16*
Derivative asset	8	**1,496**	*1,405*	*1,416*
		27,163	*29,337*	*27,528*
Current assets				
Inventories		**14,475**	*15,759*	*15,816*
Trade and other receivables		**3,061**	*5,961*	*5,295*
Cash and cash equivalents		**606**	*847*	*454*
Restricted cash	9	**1,000**	*—*	*—*
		19,142	*22,567*	*21,565*
Total assets		**46,305**	*51,904*	*49,093*
Current liabilities				
Trade and other payables		**(12,547)**	*(13,494)*	*(14,449)*
Provisions		**(170)**	*—*	*(271)*
Tax liabilities		**(35)**	*(35)*	*(35)*
Preference shares		**—**	*—*	*(307)*
Borrowings, bank loan and overdrafts		**(250)**	*(6,500)*	*(255)*
		(13,002)	*(20,029)*	*(15,317)*
Net current assets		**6,140**	*2,538*	*6,248*
Non-current liabilities				
Preference shares	10	**(6,445)**	*(6,368)*	*(6,213)*
Borrowings		**(8,591)**	*(1,750)*	*(9,025)*
Retirement benefit obligations	12	**(1,171)**	*(203)*	*(1,171)*
Lease incentives		**(4,260)**	*(3,409)*	*(3,790)*
Deferred tax liabilities		**(3,072)**	*(3,158)*	*(3,066)*
Obligations under finance leases		**(977)**	*(979)*	*(978)*
		(24,516)	*(15,867)*	*(24,243)*
Total liabilities		**(37,518)**	*(35,896)*	*(39,560)*
Net assets		**8,787**	*16,008*	*9,533*
Equity				
Share capital		**1,026**	*1,026*	*1,026*
Share premium account		**440**	*440*	*440*
Revaluation reserve		**9,026**	*9,042*	*9,082*
Capital redemption reserve		**361**	*54*	*54*
ESOP reserve		**(14)**	*(22)*	*(15)*
Retained earnings		**(2,052)**	*5,468*	*(1,054)*
Total equity		**8,787**	*16,008*	*9,533*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

26 week period ended 4 May 2013 — Unaudited

	26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*Audited 53 weeks to 3 November 2012 £000*
Actuarial loss on pension scheme	—	—	(2,236)
ARCS Loan	—	—	500
Revaluation	—	—	—
Tax on revaluation reserve	—	87	183
Tax on items taken directly to equity	—	—	37
Net income recognised directly in equity	—	87	(1,516)
Loss for the period	(746)	(937)	(5,809)
Total comprehensive loss for the period	(746)	(850)	(7,325)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

26 week period ended 4 May 2013 — Unaudited

	26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*53 weeks to 3 November 2012 £000*
Opening equity	9,533	16,858	16,858
Total comprehensive loss for the period	(746)	(850)	(7,325)
Total movements in equity for the period	(746)	(850)	(7,325)
Closing equity	8,787	16,008	9,533

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

26 week period ended 4 May 2013 — Unaudited

	Share Capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	ESOP reserve £000	Retained earnings £000
At 30 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*
Loss for the period	—	—	—	—	—	*(4,872)*
ARCS loan	—	—	—	—	—	*500*
Tax on Comprehensive income	—	—	—	—	—	*37*
Deferred tax charge on revaluation reserve	—	—	*96*	—	—	—
ESOP reserve loss for the period	—	—	—	—	7	*(7)*
Transfer from revaluation reserve	—	—	*(56)*	—	—	*56*
Net actuarial loss	—	—	—	—	—	*(2,236)*
3 November 2012	**1,026**	**440**	**9,082**	**54**	**(15)**	**(1,054)**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**(746)**
Deferred tax on revaluation reserve	**—**	**—**	**—**	**—**	**—**	**—**
ESOP reserve loss for the period	**—**	**—**	**—**	**—**	**1**	**(1)**
Redemption of preference shares	**—**	**—**	**—**	**307**	**—**	**(307)**
Transfer from revaluation reserve	**—**	**—**	**(56)**	**—**	**—**	**56**
4 May 2013	**1,026**	**440**	**9,026**	**361**	**(14)**	**(2,052)**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

26 week period ended 4 May 2013 — Unaudited

	Notes	**26 weeks to 4 May 2013 £000**	*26 weeks to 28 April 2012 £000*	*Audited 53 weeks to 3 November 2012 £000*
Cash inflow/(outflow) from operating activities before interest and tax	11	**2,340**	*(1,152)*	*(2,493)*
Interest paid		**(177)**	*(149)*	*(360)*
Interest received		**1**	*1*	*1*
Net cash generated from/(used in) operating activities		**2,164**	*(1,300)*	*(2,852)*
Cash flows from investing activities				
Purchase of property, plant and equipment		**(302)**	*(1,241)*	*(1,611)*
Proceeds from maturing of investment		**37**	—	—
Net cash used in investing activities		**(265)**	*(1,241)*	*(1,611)*
Cash flows from financing activities				
Preference shares redeemed		**(307)**	—	—
(Decrease)/increase in bank loans		**(309)**	*2,900*	*4,800*
Repayment of loan		**(125)**	*(250)*	*(625)*
Net repayments from obligation under finance lease		**(1)**	—	*(1)*
Net cash (used in)/generated from financing activities		**(742)**	*2,650*	*4,174*
Net increase/(decrease) in cash and cash equivalents in the period		**1,157**	*109*	*(289)*
Cash and cash equivalents at beginning of period		**449**	*738*	*738*
Cash and cash equivalents at end of period (including restricted cash)		**1,606**	*847*	*449*

CONDENSED ANALYSIS OF CONSOLIDATED NET DEBT

Period ended 4 May 2013 — Unaudited

		26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*Audited 53 weeks to 3 November 2012 £000*
Cash at bank		**606**	*847*	*454*
Restricted cash		**1,000**	—	—
Bank overdrafts		**—**	—	*(5)*
Cash and cash equivalents (including overdrafts)		**1,606**	*847*	*449*
Borrowings:				
Debt due within one year	— Bank loan	**—**	*(6,000)*	*(307)*
	— Loan	**(250)**	*(500)*	*(250)*
		(250)	*(6,500)*	*(557)*
Debt due after one year				
Preference shares		**(6,445)**	*(6,368)*	*(6,213)*
Loan		**(1,000)**	*(1,750)*	*(1,125)*
Bank loan		**(7,591)**	—	*(7,900)*
		(15,036)	*(8,118)*	*(15,238)*
Total borrowings		**(15,286)**	*(14,618)*	*(15,795)*
Net debt		**(13,680)**	*(13,771)*	*(15,346)*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

1. Accounting Policies

Basis of preparation

The Interim Financial Statements for the 26 weeks ended 4 May 2013 have been prepared on the basis of the accounting policies set out in the Group's financial statements for the 53 weeks ended 3 November 2012.

Going Concern

From 4 November 2012 to 1 February 2013 the Group and Company met their day-to-day working capital requirements through the use of one principal HSBC bank loan facility of £8.5 million (which was repayable on 31 October 2015) and an overdraft facility of £112,000 which was repayable on demand.

On 1 February 2013 the Group entered into a new loan facility with Burdale Financial Limited. The terms of that loan facility are for up to a maximum of £12m Senior Secured Credit Facilities. The facilities are secured by a debenture over most of the present and future assets and undertakings. The new bank facilities include one financial covenant which requires the Company shall procure that trading cash flow in respect of each review period as set out in the facility agreement shall not be less than the amounts agreed between the Company and the Lender based on financial projections. At the moment the trading cash flow covenants are only stated to the end of October 2013. The bank facility states that, for covenant levels beyond October 2013, the Lender, acting reasonably, will determine new trading cash flow covenant levels for the following financial year based on the Annual Revised Forecasts and consistent with the methodology applied by the Lender in determining the financial covenant levels set out in the agreement. In addition, there is a condition that for a period of 14 days between 1 December and 31 January each year drawings do not exceed £2.5m.

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 2012/13 year and a three year corporate plan. Based on these forecasts, forward covenant tests to October 2013 after applying financial sensitivities based on reasonably possible alternative trading scenarios and mitigating actions, show that the covenant is not forecast to be breached in the period to October 2013. 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 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*53 weeks to 3 November 2012 £000*
Gross sales	**65,919**	*70,846*	*135,549*
VAT	**(10,869)**	*(11,615)*	*(22,207)*
Gross sales (excluding VAT)	**55,050**	*59,231*	*113,342*
Agency sales less commission	**(19,462)**	*(19,514)*	*(38,733)*
Revenue	**35,588**	*39,717*	*74,609*

Seasonality of sales

The Group sales are more heavily weighted towards the first half of the financial year on a like for like basis, with 53.82% (*2011: 54.44%*) 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

3. Exceptional administrative expenses

The Group had an exceptional item of £479,000 (*28 April 2012: £Nil, 3 November 2012: £2,082,000*). The £479,000 exceptional item consisted of costs associated with refinancing the Group and the move from premium to standard listing on the stock exchange. The £2,082,000 arising in the period to 3 November 2012 relates to fixed asset impairment, store card closure costs and redundancy cost.

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.

5. Tax

A tax charge has arisen of nil (*2012: £24,000 credit*). The total tax charge for the 53 weeks ended 3 November 2012 was calculated at 10.26%.

Tax for the six month period is charged at nil (*26 weeks ended 28 April 2012: credit at 2.5%; 53 weeks ended 3 November 2012: charged at 10.26%*).

6. Loss per share

	26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*53 weeks to 3 November 2012 £000*
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	**228,312**	*949,874*	*781,562*
	20,753,109	*21,474,671*	*21,306,359*
	£000	*£000*	*£000*
Loss for basic and diluted earnings per share	**(746)**	*(937)*	*(5,809)*
	Pence	*Pence*	*Pence*
Basic loss per share	**(3.63)**	*(4.56)*	*(28.3)*
Basic loss per share before exceptional item	**(1.30)**	*(4.56)*	*(18.16)*
Diluted loss per share	**(3.63)**	*(4.56)*	*(28.3)*

No dividend was paid (*2012: nil per share*).

7. Goodwill

As at 4 May 2013 the Directors assessed the business for indicators of impairment and none were found.

8. Derivative asset

	26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*52 weeks to 3 November 2012 £000*
Embedded Derivative	**1,496**	*1,405*	*1,416*

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, as with the 8.2m preference shares (*28 April 2012: 8.5m, 3 November 2012: 8.5m*) (see note 10 for the reduction in 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% 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 8.5m preference shares was valued at inception on 22 May 2011 to be £1,078,000. As at 4 May 2013 the derivative was valued at £1,496,000 (*28 April 2012: £1,405,000; 3 November 2012: £1,416,000*). It has been assumed the Group can borrow at 5% (*28 April 2012: 4%, 3 November 2012: 5%*) over LIBOR without security in determining the credit spread required to value this instrument. The valuations were supplied by an independent third party.

9. Restricted cash

As at 4 May 2013 the Group has £1m (*28 April 2012: Nil; 3 November 2012: Nil*) deposited with HSBC as security over cash deposits.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

10. Preference Shares

	4 May 2013 £000	*28 April 2012 £000*	*3 November 2012 £000*
Preference Shares	**6,445**	*6,368*	*6,213*

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. On 7 December 2012, 306,612 preference shares were redeemed, equivalent to the value of stock held by the Skipton store as at 22 May 2011. The Skipton store ceased trading on 3 November 2012.

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 cash flows 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.

In addition, the preference shares must be immediately redeemed on a change of control of the Company or on a sale of all, or substantially all, of the assets of the enlarged Group. Furthermore, should the Group cease trading and fully close down and cease to operate any of the stores acquired from ARCS on 22 May 2011, then an amount of preference shares equivalent to the value of the stock relating to that store as at 22 May 2011 will be redeemed.

Please see note 14 in relation to the change in ownership of the preference shares.

11. Reconciliation of operating loss to cash generated from/(used in) operating activities

	26 weeks to 4 May 2013 £000	*26 weeks to 28 April 2012 £000*	*53 weeks to 3 November 2012 £000*
Operating loss	**(334)**	*(604)*	*(5,018)*
Adjustments for:			
Cash disbursements of pension obligations (net of charge included within the income statement)	**–**	–	*(1,268)*
Fixed asset impairment	**33**	–	–
Depreciation	**698**	*803*	*1,583*
Profit on disposal of investment	**(21)**	–	–
Fair value movement of derivative	**(80)**	*(172)*	*(183)*
Decrease in inventories	**1,341**	*703*	*646*
Decrease/(increase) in trade and other receivables	**2,234**	*(285)*	*381*
Decrease in trade and other payables	**(1,531)**	*(1,597)*	*(44)*
Cash inflow/(outflow) from operations	**2,340**	*(1,152)*	*(3,903)*

12. Retirement benefit obligations

The defined benefit obligations at 4 May 2013 have not been changed from the figures recorded at 3 November 2012. In the Directors' opinion, movements in significant assumptions, asset values and contributions paid when considered together would not have significantly altered the pension deficit.

13. Post balance sheet event

In June 2013, the Maidstone store ceased trading. In July 2013 the Cinderford store will cease trading. The stores closure will not have a significant effect on the business profitability. The closure of Cinderford will mean the Group will have to redeem preference shares to the value of approximately £208,000, as this was the value of stock at Cinderford on acquisition as at 22 May 2011 (see note 10). On 10 June 2013 the Group announced that Keith Edelman intended to resign from the Board once a suitable replacement had been found and appointed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

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. In April 2013 Panther Securities PLC entered into contracts to purchase 3 further freeholds from ARCS where J.E. Beale PLC is the tenant. Two of the freehold purchases are deferred for 14 months. On the assumption that the deferred purchases complete J.E. Beale PLC will be a tenant in 11 freeholds owned by Panther Securities PLC. On 30 April 2013 Portnard Limited which is owned by A S Perloff and family trusts, together with Maland Pension Fund and a member of the Perloff family completed on the purchase of the 7,000,000 preference shares (there is a deferred agreement to purchase the balance of the preference shares within 3 years) from ARCS and the ARCS loan. From 30 April 2013 to 22 May 2014 Portnard Limited has beneficial ownership of the preference shares.

15. Basis of financial information

The condensed set of financial statements included in this interim financial report, approved by the Board of Directors on 3 July 2013, 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 53 weeks ended 3 November 2012 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the 53 weeks ended 3 November 2012, 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 2 November 2013 is a 52 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 4 May 2013 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.

INDEPENDENT REVIEW REPORT TO BEALE PLC

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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 4 May 2013 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
3 July 2013

Shareholder Notes

Shareholder Notes

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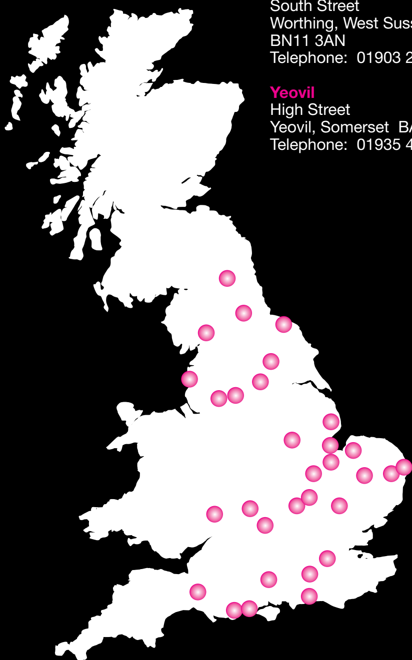

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