Dixons Carphone

16 December 2015
Embargoed until 7.00am

A strong half year with pro forma Headline profit before tax up 23%

Interim results for the 26 weeks ended 31 October 2015

- Group H1 like-for-like revenue[3] up 5%; Q2 like-for-like up 3%
  - Market share gains across UK & Ireland, Nordics, Greece and Spain
- Group pro forma Headline PBT[1] of £121m (14/15: £98m), up 23%
  - Group pro forma Headline EBIT[1] of £135m (14/15: £120m)
  - Group pro forma Headline basic EPS[1][2] from continuing operations 7.5p (14/15: 6.3p)
- Statutory profit before tax from continuing operations of £78m (14/15: £71m) after non-Headline charges of £43m (14/15: £31m), statutory basic EPS from continuing operations of 4.8p (14/15: 6.6p)
- Interim dividend of 3.25p, payable in January 2016, an increase of 30%
- CWS pipeline developing well and an encouraging start to the Sprint trial

Pro forma Headline financials	**Headline revenue**		**Headline EBIT**	
	Q2 15/16 Like-for-like	**H1 15/16 Like-for-like**	**H1 15/16 £m**	**H1 14/15 £m**
UK & Ireland	4%	7%	101	77
Nordics	0%	1%	30	38
Southern Europe	7%	4%	1	1
Connected World Services	n/a	n/a	3	4
Group	**3%**	**5%**	**135**	**120**

See notes on page 3 for an explanation of the basis of preparation and defined terms. This document also uses definitions that are set out in the Group's Annual Report and Accounts for the 13 months ended 2 May 2015 on pages 147 and 148.

Sebastian James, Group Chief Executive, said:

"This has been a very good first half for Dixons Carphone. Against a broadly flat market overall and a very strong comparative period we have seen continued like-for-like growth driven by market share gains across all territories. Our business in the UK and Ireland has had an impressive start to the year with 31% earnings growth. It is also great to see iD, our new MVNO, hitting the milestone of 200,000 subscribers to date. In the Nordics we have made very good progress in getting more match-fit on pricing against pure players, while broadly maintaining profits on a constant currency basis. This has, however, been masked by FX headwinds when translating Nordic profits into Sterling. Sharpening our pricing in the Nordics has inevitably had some impact on margins, but is now closer to being complete. I am particularly pleased to see progress in Southern Europe despite a lively year in the Greek political and economic scene.

Across the board we continue to see improved customer satisfaction and price competitiveness which gives me confidence that our core business continues to be focused on the things that matter to our long term future.

Our integration continues to go well and it gives me real pleasure to see the business looking and feeling like a single unit. The vast majority of the difficult decisions have been made and implemented and we will complete this with the move of the Carphone Warehouse depot to Newark in the new year. I think that, with nearly all the bigger changes done, we are now ready to settle into a more normal married life and to think about our business as a single Dixons Carphone entity.

CWS has also had a very encouraging start to the year with the rapid rollout of the Sprint trial which has yielded excellent results so far across the board. In addition, we have done some very good work in developing our pipeline of major global accounts which should bear fruit in the months and years ahead. I continue to be happy to invest in this part of the Group and am increasingly optimistic that it will deliver our ambitious longer term goals.

Overall then, I am very pleased with this performance but there is lots left to play for. A strong Black Friday was a great start to Christmas and I will look forward to communicating again in January with a more complete view of the season and plans for the year ahead."

Investor and analyst webcast

There will be a conference call for investors and analysts at 9:00 am today:

Dial-in details - UK/International: +44(0) 20 3003 2666; passcode: 4405645

Seven-day replay - UK/International: +44(0) 20 8196 1998; passcode: 4405645

Accompanying slides will be available on the company website, www.dixonscarphone.com, at 7:00am

Next announcement

The Group will publish a trading update on 26 January 2016 and will host a management presentation that morning at the Deutsche Bank offices in London.

For further information

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Information on Dixons Carphone plc is available at www.dixonscarphone.com

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About Dixons Carphone:

Dixons Carphone plc is Europe's leading specialist electrical and telecommunications retailer and services company, employing over 40,000 people in 9 countries.

Focused on helping customers navigate the connected world, Dixons Carphone offers a comprehensive range of electrical and mobile products, connectivity and expert after-sales services from the Geek Squad and KNOWHOW.

Dixons Carphone's primary brands include Carphone Warehouse, Currys and PC World in the UK & Ireland, Elkjøp, Elgiganten, Gigantti and Lefdal in the Nordic countries, Phone House in Spain, Sweden and Norway, Kotsovolos in Greece and Dixons Travel in a number of UK & Ireland airports. Our key service brands include KNOWHOW in the UK, Ireland and the Nordics, and Geek Squad in the UK, Ireland and Spain.

Business-to-business (B2B) services are provided through Connected World Services, PC World Business and Carphone Warehouse Business. Connected World Services aims to leverage the Group's existing expertise, operating processes and technology to provide a range of services to businesses.

Certain statements made in this announcement are forward-looking. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Information contained on the Dixons Carphone plc website or the Twitter feed does not form part of this announcement and should not be relied on as such.

Performance review

Headline[1] revenue, profit and EPS analysis – pro forma basis

		Headline revenue (1)				Headline profit (loss) (1)	
	Note	**H1 15/16** £m	H1 14/15 £m	**Local currency % change**	**Like-for-like (3) % change**	**H1 15/16** £m	H1 14/15 £m
UK & Ireland	(4)	**2,872**	2,818	**2%**	**7%**	**101**	77
Nordics	(5)	**1,198**	1,352	**2%**	**1%**	**30**	38
Southern Europe	(6)	**257**	303	**(6)%**	**4%**	**1**	1
Connected World Services	(7)	**67**	57	**18%**	**n/a**	**3**	4
Group		**4,394**	4,530	**2%**	**5%**	**135**	120
Net finance costs						**(14)**	(22)
Profit before tax						**121**	98
Tax						**(35)**	(26)
Profit after tax						**86**	72
Basic EPS (2)						**7.5p**	6.3p

Basis of preparation – pro forma information

On 6 August 2014 an all-share merger of Carphone Warehouse Group plc (Carphone Warehouse) and Dixons Retail plc (Dixons Retail) (the Merger) took place. The information in the highlights and this performance review refer, unless otherwise stated, to pro forma Headline[1] information for continuing businesses, reflecting the results of both Carphone Warehouse and Dixons Retail throughout both the current 26 week period ended 31 October 2015 and comparative period as if the Merger had occurred at the start of the comparative period.

Comparative period pro forma results for the Carphone Warehouse business are for the 26 week period ended 1 November 2014. In the previous year, pro forma half year results for the Carphone Warehouse business had been for the 31 week period ended 1 November 2014, reflecting the period from when it had last reported. This pro forma financial information has been restated to 26 weeks to provide improved year-on-year comparability. The prior period results of Carphone Warehouse have also been restated to exclude the results of its retail operations in Germany, the Netherlands and Portugal which are treated as discontinued operations following the decision to exit these businesses. Comparative period pro forma results for the Dixons Retail business comprise the 6 months ended 31 October 2014, as previously reported.

Under IFRS the opening balance sheet remains open for a period of twelve months from the date of acquisition with any new information about circumstances that existed at the acquisition date being recognised in the opening balance sheet with a corresponding entry in goodwill. For further details see note 1 to the consolidated financial statements.

Notes

(1) Headline results exclude amortisation of acquisition intangibles, Merger integration and transaction costs, net interest on defined benefit pension schemes and discontinued operations (comprising Virgin Mobile France and Phone House operations in Germany, the Netherlands and Portugal). Such excluded items are described as 'non-Headline'. For further details see note 3 to the consolidated financial statements.

(2) Pro forma EPS has been calculated for H1 14/15 assuming the number of shares existing at 1 November 2014, adjusted for the number of shares held by the Group ESOT, apply from the start of the period.

(3) Like-for-like revenue is calculated based on pro forma Headline store and internet sales using constant exchange rates. New stores are included where they have been open for a full financial year both at the beginning and end of the financial period. Sales from franchise stores are excluded and closed stores are excluded for any period of closure during either period. Customer support agreement, insurance and wholesale revenues along with revenue from Connected World Services and other non-retail businesses are excluded from like-for-like calculations. Revenue from Carphone Warehouse store-within-a-store (SWAS) is included in like-for-like. Like-for-like revenue reflects performance for the Group for the 26 weeks to 31 October 2015 compared to the 26 weeks to 1 November 2014.

(4) UK & Ireland comprises operations in the UK and Ireland and the Dixons Travel business.

(5) Nordics comprises operations in Norway, Sweden, Finland, Denmark and Iceland.

(6) Southern Europe comprises operations in Spain and Greece.

(7) Connected World Services comprises the Group's B2B operation which leverages the specialist skills, operating processes and technology of the Group to provide managed services to third parties looking to develop their own connected world solutions.

Performance review - pro forma basis

The performance review below refers, unless otherwise stated, to pro forma Headline information for continuing businesses. The basis for the preparation of this information is described on page 3.

Group

Group like-for-like revenue growth in the first half was 5%, with growth in all territories. On a local currency basis revenue has increased 2%, however Group revenue in the first half was down 3% to £4,394m (14/15: £4,530m) due to the stronger Pound, in particular relative to the Norwegian Krone.

EBIT has increased to £135m (14/15: £120m), ahead of revenue growth, driven by solid trading results and the delivery of synergy benefits related to the Merger.

Headline profit before tax in the first half was £121m (14/15: £98m) reflecting the improved EBIT and a reduction in the net finance cost from lower year-on-year interest charges following redemption of the bonds in August 2014.

Integration continues to progress well and we reaffirm our commitment to delivering a minimum £80m of synergies by 2016/17, one year ahead of plan.

UK & Ireland

Revenue in the first half in the UK & Ireland increased by 2% to £2,872m (14/15: £2,818m). This revenue growth combined with cost savings and synergy savings has resulted in EBIT increasing 31% to £101m (14/15: £77m). This positive performance for the first half puts us in a strong position ahead of the peak trading period.

The electricals business has delivered a consistent result in the first half, with notable growth in the sale of white goods offsetting a fall in demand for tablets and PCs following recent market trends. Television sales held up well despite tough World Cup driven comparatives.

Our mobile business in the UK & Ireland performed well. Postpay volumes and market share have continued to grow year-on-year, with the business benefiting from increased volumes from our additional SWAS stores, the performance of iD Mobile which has achieved over 200,000 subscriptions to date, and market share gains following the closure of Phones 4U in the prior year.

Excellent progress in the integrating the businesses continues - we had 261 Carphone Warehouse SWAS operating within Currys and PC World stores at the end of October. We also continue to consolidate our sales space and our 3-in-1 store formats are showing promising results.

Like-for-like revenue for the first half was up 7% reflecting the particularly strong performances from UK mobile category.

Nordics

The Nordic business has performed well in a challenging economic environment, delivering 2% growth in pro forma revenue on a local currency basis. However pro forma Headline revenue in the first half was down 11% to £1,198m (14/15: £1,352m) predominantly due to the devaluation in the Norwegian Krone relative to Sterling.

Like-for-like revenue was up 1% despite the challenging commercial environment and some aggressive competitive pricing. The growth in like-for-like revenue was driven by white goods, mobile and laptops and we gained share in all territories. Furthermore we continue to make very good progress in getting more match-fit on pricing against pure players, albeit with some margin impact.

The Nordics EBIT was £30m (14/15: £38m) primarily reflecting the adverse movement in foreign exchange, both from translation of local currency results into Sterling, as well as margin pressure due to increased buying costs.

Synergy delivery is progressing well with the launch of Elkjøp Phone House stores in Norway, and the integration of Phone House Sweden into El Giganten is now complete.

At the end of November, as part of our services strategy, we acquired Infocare Workshop, a service and repair business which will strengthen our capability and allow us to provide improved services to our customers.

Southern Europe

Southern Europe had strong underlying results in the first half, with like–for-like revenue up 4%. This result was driven by performance in the second quarter, with both Greece and Spain experiencing like-for-like growth. We saw good growth in handset-only sales in Spain as the market mix continues to evolve, and the introduction of Movistar multiplay has been well received by customers. Our Greek business held up exceptionally well in the face of a challenging economic and political environment.

Revenue on a local currency basis was down 6% as the Spanish business continues to shift its store mix to franchise and away from owned stores, and in Greece we have exited from low margin wholesale business. Southern Europe has reported a year-on-year 15% decline in Headline revenue to £257m (14/15: £303m) reflecting the factors above and the weakening of the Euro.

Southern Europe EBIT remains stable at £1m (14/15: £1m).

Connected World Services

CWS has continued to grow well in the first half, with revenue up 18% to £67m (14/15: £57m), supported by our Samsung Experience Stores. We continue to benefit from our existing relationships with a number of blue-chip companies and embrace the opportunity of new challenges. Most notably this included our agreement with Sprint Corporation to open and manage Sprint-branded stores in the US, which took effect during the half year. Whilst we are in the early stages of this relationship, we have been very encouraged by the performance of the trial stores to date. We believe that this partnership has much potential and a decision will be made in early 2016 on the investment in a joint venture and the wider rollout of stores.

We remain excited about the opportunities for CWS and continue to make investment in building the team and infrastructure to support the growth potential of this business. An acceleration of investment in the first half has resulted in EBIT during the period modestly declining to £3m (14/15: £4m).

Tax

The Group's Headline effective rate of taxation for the full year has been estimated at 25% (14/15: 24%) with this rate being applied to the half year results. The rate is higher than the UK statutory rate of 20% due mainly to higher statutory rates in the Nordics, certain non-deductible items mainly in the UK and a reduction in the value of UK related deferred tax assets due to the forthcoming reductions in the UK statutory tax rates. The rate for the first half of the year is higher than that for the full year as the full reduction in the value of UK related deferred tax assets is recognised discretely in the first half.

Statutory results

The explanation of the Group's results presented above is on a pro forma basis as if the Group structure following the Merger had been in place throughout the current and comparative periods. Group results as reported in the consolidated financial statements are prepared on a statutory basis, consolidating the results of Dixons Retail from 6 August 2014 and the results for the comparative period reflect the 31 weeks ended 1 November 2014.

These results are summarised below:

Headline income statement – continuing operations - statutory basis

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 Restated(1) £m
Revenue	**4,394**	3,035
EBIT	**135**	114
Net finance costs	**(14)**	(12)
Profit before tax	**121**	102
Tax	**(35)**	(23)
Headline profit after tax	**86**	79
Basic EPS	**7.5p**	9.8p
Diluted EPS	**7.2p**	9.5p

(1) Results for the 31 weeks ended 1 November 2014 have been restated to reclassify the results of Phone House operations in Germany, the Netherlands and Portugal as discontinued operations. For further details see note 1 to the financial statements.

Headline EBIT increased from £114m to £135m predominantly reflecting the reasons explained above for pro forma results and the inclusion of a full period of earnings from Dixons Retail following the Merger on 6 August 2014. The tax charge increased from £23m to £35m reflecting the higher pre-tax earnings described above and the reduction in the value of deferred tax assets following the enactment of future UK tax rate reductions.

The decrease in statutory basis EPS reflects the fact that the number of shares in issue doubled following the Merger, whilst this increased number of shares has been in place for the entire period in the current year.

Non-Headline items

Headline profit before tax is reported before non-Headline charges. These charges are analysed below and are reported on a statutory basis with the Dixons Retail business only consolidated from completion of the Merger on 6 August 2014.

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 Restated(1) £m
Headline profit before tax – continuing operations - statutory basis	**121**	102
Merger related costs	**(15)**	(11)
Amortisation of acquisition intangibles	**(20)**	(16)
Net pension interest	**(8)**	(4)
Profit before tax – continuing operations - statutory basis	**78**	71

(1) Results for the 31 weeks ended 1 November 2014 have been restated to reclassify the results of Phone House operations in Germany, the Netherlands and Portugal as discontinued operations. For further details see note 1 to the condensed financial statements.

Costs incurred in relation to the Merger in the first half of 15/16 relate to integration costs of £15m (1 November 2014: £3m) primarily being professional fees, employee severance and incentive costs, asset write-downs and property costs associated with the integration process. During 14/15 Merger transaction costs of £8m were incurred. Further integration costs are expected to be incurred during the second half of the year and in 16/17 as the integration of the two businesses continues.

The charge for the amortisation of acquisition intangibles was £20m (1 November 2014: £16m) with the comparative period only including approximately three months of amortisation of intangible assets recognised in relation to the Merger.

Net pension interest was £8m (1 November 2014: £4m) reflecting the charge incurred in relation to the pension scheme following completion of the Merger. Further details on the pension scheme can be found in the Pensions section later in this performance review.

For further details of non-Headline items see note 3 to the consolidated financial statements.

Discontinued operations

As previously reported, Virgin Mobile France and the Group's retail operations in France, Germany, the Netherlands and Portugal have been treated as discontinued operations following the decision to exit these businesses. The sale of operations in Germany was completed on 5 May 2015, the Netherlands on 30 June 2015 and Portugal on 30 August 2015. A net loss of £9m (1 November 2014: £91m) has been recognised in relation to these businesses.

Cash and movement on net debt

The information provided below is on a pro forma basis and aggregates the net debt and cash flows of the Group as though Dixons Retail had been 100% owned by the Group throughout the prior period, to enable a complete understanding of cash flows.

Free cash flow – pro forma basis

	H1 15/16 £m	H1 14/15 Restated(1) £m
Headline EBIT	**135**	120
Depreciation and amortisation	**65**	70
Working capital	**17**	22
Capital expenditure	**(110)**	(89)
Taxation	**(12)**	(38)
Interest	**(19)**	(29)
Free cash flow before restructuring items	**76**	56
Restructuring costs	**(12)**	(4)
Free cash flow – continuing operations	**64**	52

(1) Pro forma free cash flows for H1 14/15 have been restated as explained in the basis of preparation on page 3.

Pro forma free cash flow before restructuring in the first half was an inflow of £76m (14/15: £56m). The Group had a working capital inflow of £17m, broadly consistent with £22m in the prior period.

Capital expenditure in the first half was £110m up from £89m reflecting spend on the integrated retail offering, investment in IT platforms and continued development in both our retail and Connected World Services businesses.

Taxation paid has reduced from £38m to £12m due to the timing of tax payments, whilst the reduction in interest primarily reflects the redemption of the bonds in August 2014. Restructuring costs primarily comprise the cash costs of integration activities noted above within non-Headline items.

Funding – pro forma basis

	H1 15/16 £m	H1 14/15 Restated(1) £m
Free cash flow – pro forma basis	**64**	52
Dividends	**(69)**	(23)
Merger transaction costs	**-**	(71)
Acquisitions and disposals including discontinued operations	**(91)**	(50)
Net issue of new shares and purchase of own shares	**(7)**	1
Pension contributions	**(18)**	(13)
Other items	**3**	(8)
Movement in net debt – pro forma basis	**(118)**	(112)
Opening net debt – pro forma basis (1)	**(260)**	(181)
Closing net debt – pro forma basis	**(378)**	(293)

(1) Opening net debt in the current period reflects the consolidated net debt of the Group at 2 May 2015 including net funds recognised within assets held for sale of £55m. Opening net debt in the comparative period reflects net debt for Carphone Warehouse at 3 May 2014 and for Dixons Retail at 30 April 2014.

At 31 October 2015 the Group had net debt of £378m (14/15: £293m). Free cash flow was an inflow of £64m (14/15: inflow of £52m) for the reasons described on the previous page.

Merger transaction costs in the prior period included the cash cost of share option exercises as a result of the Merger and the cost of redeeming the bonds.

Cash outflows associated with acquisitions and disposals in the current period include the second deferred consideration payment for CPW Europe, the cash flows of discontinued operations prior to their disposal and the cash held by these operations on the date of their disposal. Cash outflows in the prior period were £50m reflecting the first payment of deferred consideration for the CPW Europe Acquisition and cash outflows in relation to discontinued operations.

In October 2015 the Group completed the refinancing of its facilities so that it has total committed borrowing facilities of £800m comprising a five year multi-currency revolving credit facility.

Pensions

The IAS 19 accounting deficit of the defined benefit section of the UK pension scheme amounted to £423m at 31 October 2015 (1 November 2014: £382m, 2 May 2015: £486m). The assumptions used for determining the accounting valuation use a consistent basis to that adopted for the period ended 2 May 2015 and which build from the most recent actuarial valuation as at 31 March 2013. Contributions during the period under the terms of the deficit reduction plan amounted to £18m on a pro forma basis (14/15: £13m).

The deficit has decreased during the first half largely as a result of changes in financial assumptions, primarily the discount rate, which determine liabilities, partially offset by a decrease in asset values.

Dividends

The Board has declared an interim dividend of 3.25p per share, up from 2.50p per share last year. The ex-dividend date is Thursday 31 December 2015, with a record date of Monday 4 January 2016 and an intended payment date of Friday 22 January 2016.

Consolidated income statement

		26 weeks ended 31 October 2015 Unaudited			31 weeks ended 1 November 2014 Restated† Unaudited		
	Note	Headline* £m	Non-Headline* £m	Total £m	Headline* £m	Non-Headline* £m	Total £m
Continuing operations							
Revenue	2	**4,394**	**–**	**4,394**	3,035	-	3,035
Profit (loss) before interest and tax	2,3	**135**	**(35)**	**100**	114	(27)	87
Finance income		**9**	**–**	**9**	6	-	6
Finance costs		**(23)**	**(8)**	**(31)**	(18)	(4)	(22)
Net finance costs		**(14)**	**(8)**	**(22)**	(12)	(4)	(16)
Profit (loss) before tax		**121**	**(43)**	**78**	102	(31)	71
Income tax (expense) credit	4	**(35)**	**12**	**(23)**	(23)	5	(18)
Profit (loss) after tax – continuing operations		**86**	**(31)**	**55**	79	(26)	53
Loss after tax – discontinued operations	10	**–**	**(9)**	**(9)**	-	(91)	(91)
Profit (loss) after tax for the period		**86**	**(40)**	**46**	79	(117)	(38)
Earnings (loss) per share (pence)	5						
Basic – continuing operations		**7.5p**		**4.8p**	9.8p		6.6p
Diluted – continuing operations		**7.2p**		**4.6p**	9.5p		6.4p
Basic – total				**4.0p**			(4.7p)
Diluted – total				**3.9p**			(4.7p)

* Headline figures exclude amortisation of acquisition intangibles, Merger integration and transaction costs, net interest on defined benefit pension schemes and discontinued operations (comprising Virgin Mobile France and Phone House operations in Germany, the Netherlands and Portugal). Such excluded items are described as 'non-Headline'. Further information on these items is shown in notes 2, 3 and 10.

† Results for the 31 weeks ended 1 November 2014 have been restated to recognise the results of the operations in France, Germany, the Netherlands and Portugal as discontinued operations, as was reflected in the results for the 13 months ended 2 May 2015.

Consolidated income statement

		13 months ended 2 May 2015 Audited		
	Note	Headline* £m	Non-Headline* £m	Total £m
Continuing operations				
Revenue	2	8,255	–	8,255
Profit (loss) before interest and tax	2,3	400	(76)	324
Finance income		15	–	15
Finance costs		(39)	(13)	(52)
Net finance costs		(24)	(13)	(37)
Profit (loss) before tax		376	(89)	287
Income tax (expense) credit	4	(91)	15	(76)
Profit (loss) after tax – continuing operations		285	(74)	211
Loss after tax – discontinued operations	10	–	(114)	(114)
Profit (loss) after tax for the period		285	(188)	97
Earnings per share (pence)	5			
Basic – continuing operations		29.7p		22.0p
Diluted – continuing operations		28.7p		21.2p
Basic – total				10.1p
Diluted – total				9.8p

* Headline figures exclude amortisation of acquisition intangibles, Merger integration and transaction costs, net interest on defined benefit pension schemes and discontinued operations (comprising Virgin Mobile France and Phone House operations in France, Germany, the Netherlands and Portugal). Such excluded items are described as 'non-Headline'. Further information on these items is shown in notes 2, 3 and 10.

Consolidated statement of comprehensive income

		26 weeks ended 31 October 2015 Unaudited £m	31 weeks ended 1 November 2014 Unaudited £m	13 months ended 2 May 2015 Audited £m
Profit (loss) for the period		**46**	(38)	97
Items that may be reclassified to the income statement in subsequent years:				
Cash flow hedges		**2**	1	(10)
Revaluation of held for sale investments		**5**	–	–
Exchange differences arising on translation of foreign operations		**(71)**	(40)	(107)
Other foreign exchange differences		**(3)**	–	3
		(67)	(39)	(114)
Items that will not be reclassified to the income statement in subsequent years:				
Actuarial gains (losses) on defined benefit pension schemes	– UK	**54**	39	(72)
	– Overseas	**–**	–	(1)
Deferred tax on actuarial gains (losses) on defined benefit pension schemes		**(20)**	(8)	15
Foreign exchange movements		**–**	–	(1)
		34	31	(59)
Other comprehensive expense for the period (taken to equity)		**(33)**	(8)	(173)
Total comprehensive income (expense) for the period		**13**	(46)	(76)

Consolidated balance sheet

	Note	31 October 2015 Unaudited £m	1 November 2014 Restated† Unaudited £m	2 May 2015 Audited £m
Non-current assets				
Goodwill		**2,928**	3,043	2,989
Intangible assets		**503**	531	525
Property, plant & equipment		**356**	337	327
Trade and other receivables		**316**	260	318
Deferred tax assets		**225**	228	263
		4,328	4,399	4,422
Current assets				
Inventory		**1,186**	1,235	920
Trade and other receivables		**1,021**	1,124	907
Short term investments		**53**	1	–
Cash and cash equivalents		**182**	137	163
		2,442	2,497	1,990
Assets held for sale	10	–	11	137
Total assets		**6,770**	6,907	6,549
Current liabilities				
Trade and other payables		**(2,321)**	(2,392)	(1,961)
Deferred consideration		**–**	(25)	(25)
Income tax payable		**(89)**	(64)	(89)
Loans and other borrowings		**(55)**	–	(55)
Finance lease obligations		**(2)**	(2)	(2)
Provisions		**(53)**	(67)	(54)
		(2,520)	(2,550)	(2,186)
Liabilities associated with assets held for sale	10	**–**	–	(68)
		(2,520)	(2,550)	(2,254)
Non-current liabilities				
Trade and other payables		**(501)**	(622)	(502)
Loans and other borrowings		**(415)**	(338)	(330)
Finance lease obligations		**(88)**	(91)	(89)
Retirement benefit obligations	7	**(426)**	(384)	(489)
Deferred tax liabilities		**(93)**	(105)	(101)
Provisions		**(22)**	(22)	(21)
		(1,545)	(1,562)	(1,532)
Total liabilities		**(4,065)**	(4,112)	(3,786)
Net assets		**2,705**	2,795	2,763
Capital and reserves				
Share capital		**1**	1	1
Share premium reserve		**2,256**	2,256	2,256
Accumulated profits		**1,385**	1,337	1,369
Translation reserve		**(187)**	(49)	(113)
Demerger reserve		**(750)**	(750)	(750)
Equity attributable to equity holders of the parent company		**2,705**	2,795	2,763

† The balance sheet as at 1 November 2014 has been restated to reflect final fair value allocations for the Merger – see note 1 for further information.

Consolidated statement of changes in equity

	Share capital £m	Share premium reserve £m	Accumulated profits £m	Translation reserve £m	Demerger reserve £m	Total equity £m
At 3 May 2015	**1**	**2,256**	**1,369**	**(113)**	**(750)**	**2,763**
Profit for the period	–	–	**46**	–	–	**46**
Other comprehensive income and expense recognised directly in equity	–	–	**41**	**(74)**	–	**(33)**
Total comprehensive income and expense for the period	–	–	**87**	**(74)**	–	**13**
Net purchase of own shares	–	–	**(7)**	–	–	**(7)**
Equity dividends	–	–	**(69)**	–	–	**(69)**
Net movement in relation to share schemes	–	–	**5**	–	–	**5**
At 31 October 2015	**1**	**2,256**	**1,385**	**(187)**	**(750)**	**2,705**

	Share capital £m	Share premium reserve £m	Accumulated profits £m	Translation reserve £m	Demerger reserve £m	Total equity £m
At 30 March 2014	1	283	1,355	(9)	(750)	880
Loss for the period	–	–	(38)	–	–	(38)
Other comprehensive income and expense recognised directly in equity	–	–	32	(40)	–	(8)
Total comprehensive income and expense for the period	–	–	(6)	(40)	–	(46)
Ordinary shares issued	–	1,973	–	–	–	1,973
Equity dividends	–	–	(23)	–	–	(23)
Net movement in relation to share schemes	–	–	11	–	–	11
At 1 November 2014	1	2,256	1,337	(49)	(750)	2,795

	Share capital £m	Share premium reserve £m	Accumulated profits £m	Translation reserve £m	Demerger reserve £m	Total equity £m
At 30 March 2014	1	283	1,355	(9)	(750)	880
Profit for the period	–	–	97	–	–	97
Other comprehensive income and expense recognised directly in equity	–	–	(69)	(104)	–	(173)
Total comprehensive income and expense for the period	–	–	28	(104)	–	(76)
Ordinary shares issued	–	1,973	–	–	–	1,973
Equity dividends	–	–	(52)	–	–	(52)
Net movement in relation to share schemes	–	–	21	–	–	21
Tax on items recognised directly in reserves	–	–	17	–	–	17
At 2 May 2015	1	2,256	1,369	(113)	(750)	2,763

Consolidated cash flow statement

	Note	26 weeks ended 31 October 2015 Unaudited £m	31 weeks ended 1 November 2014 Restated† Unaudited £m	13 months ended 2 May 2015 Audited £m
Operating activities – continuing operations				
Cash inflow (outflow) from operations	9	**204**	(26)	110
Special contributions to defined benefit pension scheme		**(18)**	(13)	(28)
Income tax paid		**(12)**	(14)	(39)
Net cash flows from operating activities		**174**	(53)	43
Investing activities – continuing operations				
Acquisition of property, plant & equipment and other intangibles		**(110)**	(75)	(166)
Net cash outflow arising from CPW Europe Acquisition		**(26)**	(25)	(25)
Interest received		**–**	1	1
Cash acquired on the Merger		**–**	347	347
Proceeds from disposal of property, plant & equipment		**–**	10	11
Proceeds on sale of business and short term investments		**–**	6	8
Net cash flows from investing activities		**(136)**	264	176
Financing activities – continuing operations				
Interest paid		**(11)**	(16)	(30)
Facility arrangement fees paid		**(5)**	(4)	(4)
Repayment of obligations under finance leases		**(4)**	(3)	(7)
Issue of shares		**–**	1	–
Net purchase of own shares		**(7)**	–	–
Equity dividends paid		**(69)**	(23)	(52)
Increase (decrease) in borrowings		**83**	(203)	(211)
Bond redemption premium		**–**	(38)	(38)
Settlement of financial instruments		**–**	2	–
Net cash flows from financing activities		**(13)**	(284)	(342)
Increase (decrease) in cash and cash equivalents				
Continuing operations		**25**	(73)	(123)
Discontinued operations	10	**(9)**	(69)	3
		16	(142)	(120)
Cash and cash equivalents at beginning of the period		**163**	283	283
Currency translation differences		**3**	(4)	–
Cash and cash equivalents at end of the period		**182**	137	163

† Cash flows for the 31 weeks ended 1 November 2014 have been restated to recognise the results of the operations in France, Germany, the Netherlands and Portugal as discontinued operations.

Notes to the financial information

1 Basis of preparation

The interim financial information for the 26 weeks ended 31 October 2015 was approved by the directors on 15 December 2015. The interim financial information, which is a condensed set of financial statements, has been prepared in accordance with the Listing Rules of the Financial Conduct Authority and International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and has been prepared on the going concern basis as described further in the section on risks to achieving the Group's objectives.

The accounting policies adopted are those set out in the Group's Annual Report and Accounts for the 13 months ended 2 May 2015 which were prepared in accordance with IFRS as adopted by the European Union. New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the period were either not relevant or had no impact on the Group's net results or net assets.

The interim financial information uses definitions that are set out on pages 147 and 148 of the same document.

Following the Merger the Group draws up its Annual Report and Accounts to the Saturday nearest the end of April and its interims results to the Saturday nearest the end of October. Prior to the Merger it had drawn up its Annual Report and Accounts to the Saturday nearest the end of March and its interims results to the Saturday nearest the end of September. Accordingly the current financial period is for the 26 week period to 31 October 2015 whilst the comparative period is for the 31 week period to 1 November 2014. The comparative annual result was for the 13 month period ended 2 May 2015.

The interim financial information is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006, but has been reviewed by the auditor. The financial information for the 13 months ended 2 May 2015 does not constitute the Company's statutory accounts for that period but has been extracted from those accounts which have been filed with the Registrar of Companies and are also available on the Group's corporate website www.dixonscarphone.com. The auditor has reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

The Group's income statement and segmental analysis identify separately Headline performance and non-Headline items. Headline performance measures reflect adjustments to total performance measures. The directors consider 'Headline' performance measures to be a more accurate reflection of the ongoing trading performance of the Group and believe that these measures provide additional useful information for shareholders on the Group's performance and are consistent with how business performance is measured internally.

Headline results are stated before the results of discontinued operations or exited / to be exited businesses, amortisation of acquisition intangibles, any other items considered so one off and material that they distort underlying performance (such as reorganisation costs, impairment charges and other non-recurring charges) and net pension interest costs. Businesses exited or to be exited are those which the Group has exited or committed to or commenced to exit through disposal or closure but do not meet the definition of discontinued operations as stipulated by IFRS and are material to the results and operations of the Group.

Non-Headline items in the current and prior year comprise amortisation of acquisition intangibles, Merger integration and transaction costs, net interest on defined benefit pension schemes and discontinued operations. A reconciliation of Headline profit and losses to total profits and losses is shown in note 2. Items excluded from Headline results can evolve from one financial year to the next depending on the nature of exceptional items or one off type activities described above. Headline performance measures and non-Headline performance measures may not be directly comparable with other similarly titled measures or "adjusted" revenue or profit measures used by other companies.

The results for the period ended 1 November 2014 have been restated to reflect the results of Virgin Mobile France and Phone House operations in Germany, the Netherlands and Portugal as discontinued operations. As part of the finalisation of determining the fair value of assets and liabilities acquired through the Dixons Retail Merger net liabilities acquired reduced from £656m to £647m resulting in a reduction in the goodwill recognised from £2,638m to £2,629m.

2 Segmental analysis

The Group's operating segments reflect the segments routinely reviewed by the Board and which are used to manage performance and allocate resources. This information is predominantly based on geographical areas which are either managed separately or have similar trading characteristics such that they can be aggregated together into one segment.

The Group operates four operating segments as described below. Discontinued operations are excluded from this segmental analysis.

The Group's reportable segments have been identified as follows:

- UK & Ireland comprises operations in the UK and Ireland as well as operations in airports in the UK and Ireland.
- Nordics operates in Norway, Sweden, Finland, Denmark and Iceland.
- Southern Europe comprises operations in Spain and Greece.
- Connected World Services is the Group's B2B operation which leverages the specialist skills, operating processes and technology of the Group to provide managed services to third parties looking to develop their own connected world solutions.

UK & Ireland, Nordics and Southern Europe are involved in the sale of consumer electronics and mobile technology products and services, primarily through stores or online channels.

Transactions between segments are on an arm's length basis.

Notes to the financial information (continued)

2 Segmental analysis (continued)
(a) Segmental results

26 weeks ended 31 October 2015

	UK & Ireland £m	Nordics £m	Southern Europe £m	Connected World Services £m	Eliminations £m	Total £m
Headline external revenue	**2,872**	**1,198**	**257**	**67**	**–**	**4,394**
Inter-segmental revenue	**33**	**–**	**–**	**–**	**(33)**	**–**
Total Headline revenue	**2,905**	**1,198**	**257**	**67**	**(33)**	**4,394**
Headline EBIT	**101**	**30**	**1**	**3**	**–**	**135**

Reconciliation of Headline profit to total profit

26 weeks ended 31 October 2015

	Headline profit (loss) £m	Amortisation of acquisition intangibles £m	Dixons Retail Merger £m	Pension scheme interest £m	Total profit (loss) £m
UK & Ireland	**101**	**(12)**	**–**	**–**	**89**
Nordics	**30**	**(6)**	**–**	**–**	**24**
Southern Europe	**1**	**(1)**	**–**	**–**	**–**
Connected World Services	**3**	**(1)**	**–**	**–**	**2**
Unallocated	**–**	**–**	**(15)**	**–**	**(15)**
EBIT	**135**	**(20)**	**(15)**	**–**	**100**
Finance income	**9**	**–**	**–**	**–**	**9**
Finance costs	**(23)**	**–**	**–**	**(8)**	**(31)**
Profit (loss) before tax for the period	**121**	**(20)**	**(15)**	**(8)**	**78**

31 weeks ended 1 November 2014
Restated

	UK & Ireland £m	Nordics £m	Southern Europe £m	Connected World Services £m	Eliminations £m	Total £m
Headline external revenue	2,009	698	261	67	–	3,035
Inter-segmental revenue	24	–	–	–	(24)	–
Total Headline revenue	2,033	698	261	67	(24)	3,035
Headline EBIT	82	23	5	4	–	114

Reconciliation of Headline profit to total profit

31 weeks ended 1 November 2014
Restated

	Headline profit (loss) £m	Amortisation of acquisition intangibles £m	Dixons Retail Merger £m	Pension scheme interest £m	Total profit (loss) £m
UK & Ireland	82	(10)	–	–	72
Nordics	23	(2)	–	–	21
Southern Europe	5	(1)	–	–	4
Connected World Services	4	(3)	–	–	1
Unallocated	–	–	(11)	–	(11)
EBIT	114	(16)	(11)	–	87
Finance income	6	–	–	–	6
Finance costs	(18)	–	–	(4)	(22)
Profit (loss) before tax for the period	102	(16)	(11)	(4)	71

Notes to the financial information (continued)

2 Segmental analysis (continued)
(a) Segmental results (continued)

13 months ended 2 May 2015

	UK & Ireland £m	Nordics £m	Southern Europe £m	Connected World Services £m	Eliminations £m	Total £m
Headline external revenue	5,506	2,055	564	130	–	8,255
Inter-segmental revenue	64	–	–	–	(64)	–
Total Headline revenue	5,570	2,055	564	130	(64)	8,255
Headline EBIT	313	60	20	7	–	400

Reconciliation of Headline profit to total profit

13 months ended 2 May 2015

	Headline profit (loss) £m	Amortisation of acquisition intangibles £m	Dixons Retail Merger £m	Pension scheme interest £m	Total profit (loss) £m
UK & Ireland	313	(22)	(13)	–	278
Nordics	60	(10)	(4)	–	46
Southern Europe	20	(2)	–	–	18
Connected World Services	7	(1)	–	–	6
Unallocated	–	–	(24)	–	(24)
EBIT	400	(35)	(41)	–	324
Finance income	15	–	–	–	15
Finance costs	(39)	–	–	(13)	(52)
Profit (loss) before tax for the period	376	(35)	(41)	(13)	287

(b) Seasonality
The Group’s business is highly seasonal, with a substantial proportion of its revenue and EBIT generated during its third quarter, which includes the Christmas and New Year season.

Notes to the financial information (continued)

3 Non-Headline items

	Note	**26 weeks ended 31 October 2015 £m**	31 weeks ended 1 November 2014 Restated £m	2 May 2015 £m
Included in profit (loss) before interest and tax:				
Amortisation of acquisition intangibles	(i)	**(20)**	(16)	(35)
Dixons Retail Merger	(ii)	**(15)**	(11)	(41)
		(35)	(27)	(76)
Included in net finance costs:				
Net non-cash finance costs on defined benefit pension schemes	(iii)	**(8)**	(4)	(13)
Total impact on profit (loss) before tax		**(43)**	(31)	(89)
Tax on Non-Headline items		**12**	5	15
Total impact on profit (loss) after tax		**(31)**	(26)	(74)

Non-Headline items also include discontinued operations, which comprise the results of Virgin Mobile France and the Phone House operations in Germany, the Netherlands and Portugal. The post-tax results of these businesses have been reported separately and are further described in note 10.

(i) Amortisation of acquisition intangibles:

This relates to acquisition intangibles arising on the CPW Europe Acquisition and the Dixons Retail Merger.

(ii) Dixons Retail Merger:

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 £m	13 months ended 2 May 2015 £m
Merger transaction costs	**–**	(8)	(9)
Merger integration costs	**(15)**	(3)	(32)
	(15)	(11)	(41)

The Merger has given rise to the following costs which have been treated as non-Headline:

- Merger transaction costs comprised banking and professional fees incurred in relation to the transaction.
- Merger integration costs relate to the reorganisation of the Group following the Merger and primarily comprise professional fees, employee severance and incentive costs, asset write-downs and property costs associated with the integration process.

(iii) Net non-cash financing costs on defined benefit pension schemes:

The net interest charge on defined benefit pension schemes represents the non-cash remeasurement calculated by applying the corporate bond yield rates applicable on the last day of the previous financial year to the net defined benefit obligation. As a non-cash remeasurement cost which is unrepresentative of the actual investment gains or losses made or the liabilities paid and payable the accounting effects of this is excluded from Headline earnings.

Notes to the financial information (continued)

4 Tax

The taxation charge on Headline earnings is based on the estimated effective rate of taxation of 25% on Headline earnings for the 15/16 full financial period (13 months ended 2 May 2015, the equivalent effective rate was 24%).

The UK corporation tax rate for the 26 weeks ended 31 October 2015 was 20% (31 weeks ended 2 November 2014: 21%, 13 months ended 2 May 2015: 21%).

5 Earnings (loss) per share

		26 weeks ended 31 October 2015	31 weeks ended 1 November 2014 Restated	13 months ended 2 May 2015
		£m	£m	£m
Headline earnings				
Continuing operations		**86**	79	285
Total earnings / (loss)				
Continuing operations		**55**	53	211
Discontinued operations		**(9)**	(91)	(114)
Total		**46**	(38)	97
		Million	Million	Million
Weighted average number of shares				
Average shares in issue		**1,151**	808	964
Less average holding by Group ESOT		**(1)**	(4)	(3)
For basic earnings per share		**1,150**	804	961
Dilutive effect of share options and other incentive schemes	†	**41**	30	32
For diluted earnings per share	†	**1,191**	834	993
		Pence	Pence	Pence
Basic earnings (loss) per share				
Total (continuing and discontinued operations)		**4.0**	(4.7)	10.1
Adjustment in respect of discontinued operations		**0.8**	11.3	11.9
Continuing operations		**4.8**	6.6	22.0
Adjustments for non-Headline items – continuing operations (net of taxation)		**2.7**	3.2	7.7
Headline basic earnings per share		**7.5**	9.8	29.7
Diluted earnings (loss) per share				
Total (continuing and discontinued operations)	†	**3.9**	(4.7)	9.8
Adjustment in respect of discontinued operations		**0.7**	11.1	11.4
Continuing operations		**4.6**	6.4	21.2
Adjustments for non-Headline items – continuing operations (net of taxation)		**2.6**	3.1	7.5
Headline diluted earnings per share		**7.2**	9.5	28.7

† The weighted average number of shares for the calculation of diluted loss per share does not include potentially dilutive shares if they would decrease the loss per share.

Basic and diluted earnings per share are based on the profit for the period attributable to equity shareholders. Headline earnings per share is presented in order to show the underlying performance of the Group. Adjustments used to determine Headline earnings are described further in note 3.

Notes to the financial information (continued)

6 Dividends

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 £m	13 months ended 2 May 2015 £m
Amounts recognised as distributions to equity shareholders in the period – on ordinary shares of 0.1p each			
Final dividend for the year ended 29 March 2014 of 4.00p	**–**	23	23
Interim dividend for the 13 months ended 2 May 2015 of 2.50p	**–**	–	29
Final dividend for the 13 months ended 2 May 2015 of 6.00p	**69**	–	–
	69	23	52

The proposed interim dividend for the year ending 30 April 2016 is 3.25p per share. The expected cost of this dividend is £37m and incorporates the agreement of the Group's Employee Share Ownership Trusts to waive its rights to receive dividends.

7 Retirement benefit obligations

		31 October 2015 £m	1 November 2014 £m	2 May 2015 £m
Retirement benefit obligations	– UK	**423**	382	486
	– Nordics	**3**	2	3
Net obligation		**426**	384	489

The Group operates a number of defined contribution and defined benefit pension schemes. The principal scheme operates in the UK and includes a funded defined benefit section, the assets of which are held in a separate trustee administered fund. The defined benefit section of the scheme was closed to future accrual on 30 April 2010. The net obligations of this scheme, calculated in accordance with IAS 19, are analysed as follows:

	31 October 2015 £m	1 November 2014 £m	2 May 2015 £m
Fair value of plan assets	**913**	879	945
Present value of defined benefit obligations	**(1,336)**	(1,261)	(1,431)
Net obligation	**(423)**	(382)	(486)

The value of obligations is particularly sensitive to the discount rate applied to liabilities at the assessment date as well as mortality rates. The value of the plan assets is sensitive to market conditions, particularly equity values. The assumptions used in the valuation of obligations are listed below:

		31 October 2015	1 November 2014	2 May 2015
Rates per annum:				
Discount rate		**3.85%**	4.15%	3.50%
Rate of increase in pensions in payment / deferred pensions	– pre April 2006	**2.90%**	2.95%	2.90%
	– post April 2006	**1.90%**	1.95%	1.90%
Inflation		**3.10%**	3.15%	3.10%

Mortality rates are based on historical experience and standard actuarial tables and include an allowance for future improvements in longevity.

Notes to the financial information (continued)

8 Financial instruments, loans and other borrowings

The fair value of the financial instruments is predominantly determined using observable market data such as interest rates and foreign exchange rates and, for available for sale assets, observable recently traded prices for identical or similar assets. The short-term investments have values determined by 'Level 1' inputs whilst derivative financial instruments have values determined by 'Level 2' inputs as defined by the fair value hierarchy of IFRS 13 'Fair Value Measurement'. Short-term investments comprise shares held in Drillisch AG, a telecommunications providers and listed stock corporation in Germany, which were received as consideration regarding the disposal of Phone House Germany.

The Group holds the following financial instruments at fair value:

	31 October 2015 £m	1 November 2014 £m	2 May 2015 £m
Short-term investments	**53**	1	–
Derivative financial instruments	**5**	17	(11)

Fair values have been arrived at by discounting future cash flows, assuming no early redemption, or by revaluing forward currency contracts and interest rate swaps to period end market rates as appropriate to the instrument.

There have also been no transfers of assets or liabilities between levels of the fair value hierarchy. For all other financial assets and liabilities, the carrying amount approximates their fair value.

In October 2015 the Group completed the refinancing of its facilities so that it has total committed borrowing facilities of £800m comprising a five year multi-currency revolving credit facility.

9 Note to the cash flow statement

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 Restated £m	13 months ended 2 May 2015 £m
Profit before interest and tax – continuing operations	**100**	87	324
Depreciation and amortisation	**85**	59	149
Share-based payment charge	**7**	2	10
Impairments and other non-cash items	**1**	(7)	4
Operating cash flows before movements in working capital	**193**	141	487
Movements in working capital:			
(Increase) decrease in inventory	**(294)**	(228)	6
Increase in receivables	**(106)**	(97)	(89)
Increase (decrease) in payables	**416**	177	(289)
Decrease in provisions	**(5)**	(19)	(5)
	11	(167)	(377)
Cash inflow (outflow) from operations	**204**	(26)	110

Restricted funds, which predominantly comprise funds held under trust to fund potential customer support agreement liabilities and cash held by the Group's insurance business for regulatory reserve requirements were £91m (1 November 2014: £119m; 2 May 2015: £92m).

Notes to the financial information (continued)

10 Discontinued operations and assets held for sale

As reported at 2 May 2015, Virgin Mobile France and the Group's retail operations in France, Germany, the Netherlands and Portugal are treated as discontinued operations following the decision to exit these businesses. The assets and liabilities associated with Germany, the Netherlands and Portugal were recognised as held for sale at 2 May 2015 and the Group's interest in Virgin Mobile France was presented as an asset held for sale as at 1 November 2014.

The sale of operations in Germany was completed on 5 May 2015, the Netherlands on 30 June 2015 and Portugal on 31 August 2015, whilst Virgin Mobile France was sold on 4 December 2014. A net loss of £9m (1 November 2014: £91m; 2 May 2015: £114m) has been recognised in relation to these businesses comprising trading losses as well as gains or losses associated with the disposals.

(a) Loss after tax - discontinued operations

The results of discontinued operations are comprised as follows:

					26 weeks ended 31 October 2015
	Virgin Mobile France £m	**Phone House Germany £m**	**Phone House Netherlands £m**	**Phone House Portugal £m**	**Total £m**
Revenue	**–**	**–**	**19**	**13**	**32**
Expenses	**–**	**–**	**(20)**	**(16)**	**(36)**
	–	**–**	**(1)**	**(3)**	**(4)**
(Loss) profit on disposal	**–**	**(7)**	**(2)**	**4**	**(5)**
Loss after tax - discontinued operations	**–**	**(7)**	**(3)**	**1**	**(9)**

					31 weeks ended 1 November 2014 Restated
	Virgin Mobile France £m	Phone House Germany £m	Phone House Netherlands £m	Phone House Portugal £m	Total £m
Revenue	–	188	92	26	306
Expenses	–	(211)	(156)	(30)	(397)
Loss after tax - discontinued operations	–	(23)	(64)	(4)	(91)

					13 months ended 2 May 2015
	Virgin Mobile France £m	Phone House Germany £m	Phone House Netherlands £m	Phone House Portugal £m	Total £m
Revenue	–	323	159	47	529
Expenses	–	(364)	(239)	(55)	(658)
	–	(41)	(80)	(8)	(129)
Profit on disposal	87	–	–	–	87
Impairment losses recognised on classification as held for sale	–	(16)	(43)	(13)	(72)
Loss after tax - discontinued operations	87	(57)	(123)	(21)	(114)

The net loss on disposal recognised in the current period primarily relates to the recycling of foreign currency translation reserves associated with the discontinued operations. In the 13 months ended 2 May 2015 the profit on disposal of Virgin Mobile France comprised consideration of £104m, £4m of costs and £13m of net assets disposed. The impairment losses recognised on reclassification as held for sale on all other businesses reflects the difference between the consideration expected to be received and the net assets held for sale including any impairment of assets to their anticipated net realisable value on completion less any accrued costs to sell.

Notes to the financial information (continued)

(b) Assets held for sale
The Group's assets held for sale and associated liabilities are analysed as follows:

	31 October 2015 £m	1 November 2014 £m	2 May 2015 £m
Investments in joint ventures	**–**	11	–
Inventory	**–**	–	16
Receivables	**–**	–	66
Cash and cash equivalents	**–**	–	55
Assets held for sale	**–**	11	137
Liabilities associated with assets held for sale – current liabilities	**–**	–	(68)
Assets held for sale	**–**	11	69

(c) Cash flows from discontinued operations

	26 weeks ended 31 October 2015 £m	31 weeks ended 1 November 2014 Restated £m	13 months ended 2 May 2015 £m
Operating activities	**2**	(49)	(78)
Investing activities	**(11)**	(20)	81
	(9)	(69)	3

11 Contingent liabilities

	31 October 2015 £m	1 November 2014 £m	2 May 2015 £m
Contingent liabilities	**3**	2	3

In addition to the figures shown in the table above, contingent liabilities also exist in respect of lease covenants relating to premises assigned to third parties.

12 Related party transactions
Transactions between Group undertakings and associates comprised sales of goods of £8m (31 weeks ended 1 November 2014: £3m, 13 months ended 2 May 2015: £8m).

At 1 November 2014 the Group had a £17m loan receivable from Virgin Mobile France, its joint venture.

Risks to achieving the Group's objectives

The Group is subject to a number of risks and uncertainties which could have a material effect on its results. The Group's principal risks, and the factors which mitigate them, are set out in the 2014-15 Annual Report and Accounts on pages 16 to 19. These risks remain relevant in the current period and are summarised below:

- Dependence on networks and key suppliers in driving profitability, cash flow and market share;
- Failure to maintain a sustainable business model in the face of a changing consumer environment could result in a loss of competitive advantage impacting financial performance;
- The Greek exit from the Euro could lead to a deterioration in consumer confidence impacting the performance of the Greek business, Kotsovolos;
- Failure to adequately invest in and integrate the Group's IT systems and infrastructure could result in restricted growth and reputational damage impacting financial performance;
- Failure in appropriately safeguarding sensitive information and responding to cyber risks could result in reputational damage, financial penalties and a resultant deterioration in financial performance;
- Failure to comply with FCA regulation could result in reputational damage, customer compensation, financial penalties and a resultant deterioration in financial performance;
- Failure to attract, develop and retain staff with sufficient talent and capabilities could lead to a loss of competitive advantage impacting financial performance;
- Business continuity plans are not effective and major incident response is inadequate resulting in reputational damage and a loss of competitive advantage; and
- Failure to action appropriate Health and Safety measures resulting in injury could give rise to reputational damage and financial penalties.

The directors have prepared the interim financial information on a going concern basis. In considering the going concern basis, the directors have considered the above mentioned principal risks and uncertainties, especially in the context of a highly competitive consumer and retail environment as well as the wider macro-economic environment and how these factors might influence the Group's objectives and strategy.

The directors have reviewed the Group's future cash forecasts and profit projections, which are based on market data and past experience. The directors are of the opinion that the Group's forecasts and projections, which take into account reasonably possible changes in trading performance, show that the Group is able to operate within its current facilities and comply with its banking covenants for the foreseeable future. In arriving at their conclusion that the Group has adequate financial resources, the directors were mindful of the level of borrowings and facilities and that the Group has a robust policy towards liquidity and cash flow management.

Accordingly the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and consequently the directors continue to apply the going concern basis in the preparation of the financial statements.

Responsibility Statement

The directors confirm that to the best of their knowledge:

- the interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union;
- the financial highlights, review of business performance and interim financial information include a fair review of the information required by DTR 4.2.7R (indication of important events during the first 26 weeks and description of principal risks and uncertainties for the remaining 26 weeks of the year); and
- the financial highlights and review of business performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

At the date of this statement, the directors are those listed in the Group's 2014-15 Annual Report and Accounts.

By order of the Board

Sebastian James
Group Chief Executive
15 December 2015

Humphrey Singer
Group Finance Director
15 December 2015

Independent review report

To Dixons Carphone plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the interim statement for the 26 weeks ended 31 October 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the interim statement 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 it 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 statement, including the condensed set of financial statements contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim statement has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) 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 statement 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 UK. 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 accompanying condensed set of financial statements in the interim statement for the 26 weeks ended 31 October 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
15 December 2015

Retail Store Data

	31 October 2015			2 May 2015		
	Own stores	**Franchise stores**	**Total**	Own stores	Franchise stores	Total
UK Dixons	**405**	**–**	**405**	418	–	418
Dixons Travel	**23**	**–**	**23**	31	–	31
Ireland Dixons	**29**	**–**	**29**	30	–	30
UK Carphone	**734**	**–**	**734**	755	–	755
Ireland Carphone	**90**	**–**	**90**	94	–	94
Total UK & Ireland	**1,281**	**–**	**1,281**	1,328	–	1,328
Norway	**79**	**62**	**141**	80	61	141
Sweden	**115**	**39**	**154**	127	40	167
Denmark	**29**	**–**	**29**	29	–	29
Finland	**21**	**17**	**38**	21	18	39
Other Nordics	**–**	**12**	**12**	–	12	12
Nordics	**244**	**130**	**374**	257	131	388
Greece	**67**	**26**	**93**	68	25	93
Spain	**283**	**224**	**507**	301	198	499
Southern Europe	**350**	**250**	**600**	369	223	592
Total	**1,875**	**380**	**2,255**	1,954	354	2,308