Half Yearly Report

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RNS Number : 3503I
Ocado Group PLC
02 July 2013

OCADO GROUP PLC

Ocado maintains momentum as grocery retailing continues shift to online

Half year results for the 24 weeks ended 19 May 2013

2 July 2013 - Ocado Group plc ("Ocado") today announces its unaudited half year results for the 24 weeks ended 19 May 2013.

Strategic highlights[1]

- First strategic customer, Wm Morrison Supermarkets plc ("Morrisons"), announced with signing of 25 year agreement to provide intellectual property ("IP") and operational services to launch their online business
- Sale and leaseback of Dordon Customer Fulfilment Centre ("CFC2") to Morrisons announced
- CFC2 opened on time and on budget, and ramp-up on target
- First dedicated non-food distribution centre ("NFDC") opened to support continued growth of non-food business.

Operational highlights

- Increase in sales growth continued with stronger momentum in new customer growth maintained
- Industry leading service levels for on time delivery and in full orders improved further
- Range extension continued to over 31,000 SKUs
- Improved Hatfield Customer Fulfilment Centre ("CFC1") efficiency.

Key financials

	24 weeks ended 19 May 2013	24 weeks ended 13 May 2012	% Change
	£m	£m	
Gross sales[2]	382.7	332.3	+15.2
EBITDA[3]	19.2	14.9	+28.7
Adjusted[4] (loss)/profit before tax	(1.0)	0.4	n/a

Gross sales v 24 weeks ended 20 May 2012 shows growth to £382.7 million from £334.2 million (+14.5%)

- Cash and cash equivalents at 19 May 2013 of £63.0 million (2 December 2012: £89.6 million)
- Net debt at 19 May 2013 of £74.4 million (2 December 2012: £55.2 million)

Statutory highlights

- Revenue increased 15.6% to £355.9 million (H1 2012: £308.0 million)
- Operating loss of £1.1 million (H1 2012: profit of £1.7 million)
- Loss before tax of £3.8 million (H1 2012: profit of £0.2 million)

Tim Steiner, Chief Executive Officer of Ocado, said:

"The first half of 2013 has been an extremely busy period for us as we continued to grow both our customer numbers and average basket. We continued to improve our proposition, making it easier for customers to shop with us and giving them access to a wider range of products at competitive prices. At the same time we have continued to drive the efficiency and capacity in our business, including the opening of our new CFC, which is operating as planned, and which provides us with the capacity to grow further in the future. We remain well placed to take advantage of the accelerating structural changes in the industry as more customers choose online delivery for their grocery shopping.

"We were delighted to announce a long-term agreement with our first strategic customer, Morrisons, to provide them with IP and operating services to help launch and operate their online grocery business. This development reflects the growing shift we are seeing in favour of online grocery shopping in the UK and internationally, and a validation of the unique technology, IP and operating model pioneered by Ocado to exploit this growing channel. The positive financial impact of this agreement and the endorsement of our business model, positions us well for future strategic developments."

Results presentation

A results presentation will be held for investors and analysts at 9:30am today at the offices of Goldman Sachs, Rivercourt, 120 Fleet Street, London EC4A 2BE.

A live webcast of the results presentation will be available from 9.30am at Ocado's website at: http://www.ocadogroup.com/investor-centre/results-and-presentations/pr-2013.aspx, and available on a replay basis later today.

Presentation material and a copy of this announcement will be available online at www.ocadogroup.com.

Contacts

- Tim Steiner, Chief Executive Officer on 020 7353 4200 today and 01707 228 000
- Duncan Tatton-Brown, Chief Financial Officer on 020 7353 4200 today and 01707 228 000
- David Hardiman-Evans, Head of IR & Corporate Finance on 020 7353 4200 today and 01707 228 000
- Michelle Shearly, Public Relations Manager on 01707 382 274
- Andrew Grant, David Shriver, Katharine Wynne at Tulchan Communications on 020 7353 4200

Notes

1. Agreement for arrangements with Morrisons is subject to shareholder approval at a general meeting following the distribution of a circular detailing the terms of the arrangements.
2. Gross sales include revenue plus VAT and marketing vouchers.
3. EBITDA is a non-GAAP measure which we define as earnings before net finance cost, taxation, depreciation, amortisation, impairment and exceptional items.
4. Adjusted to exclude exceptional items.

Chief Executive Officer's review

Strategic objectives

We have continued to make significant progress in each of our strategic objectives focussing on growing our capacity and sales, and delivering long-term profitability. There are a number of complementary elements to these objectives:

- Developing our proposition to customers to maintain our market leading service, extensive range and competitive prices;
- Growing customer numbers and spend - building an ever growing base of loyal and valuable customers and encouraging them to spend more at Ocado;
- Optimising operations - to operate at the highest service levels with the lowest possible cost;
- Building capacity to satisfy increased demand and drive scale benefits; and
- Developing and leveraging our proprietary intellectual property and technology to improve our operations, and to generate significant value through monetisation.

Developing the proposition to customers

We have continued to develop the key elements of our proposition to customers which drive consumers to shop with us - the quality of our service, the range we sell and shoppers' confidence in our prices.

We believe our customer delivery service is market leading in the accuracy of orders and on time performance. Orders delivered on time or early improved to 94.4% (H1 2012: 93.2%) and order accuracy also improved to 98.9% (H1 2012: 98.3%) during the period.

We know that speed, ease of use and convenience are very important to both our existing and potential new customers. We continued to improve each of these elements, and during the period we introduced a number of initiatives to enhance our customers' experience and ease of shopping. We shortened the registration process for first time users and enabled customers to import their favourites from existing online shopping competitors, both features reducing the barriers for a new shopper to come to Ocado. We introduced Smart Pass, our membership scheme which combines free delivery, everyday discounts on a range of brands, free samples, and priority Christmas delivery slots. The majority of orders are now made by Smart Pass holders. We remain at the forefront of the mobile shopping trend, with over 30% of checkouts now across apps, and mobile checkouts across our website also continuing to grow strongly.

We continued to extend our range to over 31,000 products, with many of the newer lines proving very popular. Our "free from" range has seen year-on-year sales growth of over 150% and our American shop-in-shop has grown by nearly 40% in the same period. Some more established brands have continued to grow strongly with Natoora and Laverstoke Park both growing by approximately 50% over equivalent periods last year. The Ocado own-label brand continues to gain popularity amongst our customers with the average basket now containing four Ocado own-label products.

Our non-food range also continues to grow both in number of SKUs and popularity, with customers recognising the convenience of purchasing non-food items that can be delivered in convenient one hour time slots at the same time as their groceries. Plans are progressing well for our first destination site, Fetch, our pet store, and we launched the trial site to customers after the end of the period.

We remain committed to providing our customers with competitive and transparent prices. Customers are benefitting from our Low Price Promise basket matching initiative which we launched late last year. When checking for LPP, we find that the majority of our customers' baskets are already cheaper at Ocado.

Customer and sales growth
Our active customers at the end of the period stood at 360,000 (H1 2012: 337,000). The rate of new customer acquisition continues at an encouraging rate, up over 50% in the half verses last year, continuing a trend that started in Q4 2012, with a subsequent increase in acquisition marketing. However, we have continued to reduce some of our retention vouchering activities, so overall marketing costs including voucher spend remained stable as a percentage of sales. We have seen stronger growth in customers who shop more frequently.

Our customers' average baskets stood at £114.90 (H1 2012: £113.10) by the period end, partly reflecting the increase in customers' propensity to spend more with us as the range extends.

Optimising operations
Our Hatfield Customer Fulfilment Centre continued to operate efficiently. Using the units per hour efficiency measure ("UPH"), the average productivity for the period in CFC1 was 132 UPH (H1 2012: 114 UPH).

Order volumes have grown to an average of 139,000 orders per week ("OPW") (H1 2012: 122,000 OPW) with the highest number of orders delivered in a week exceeding 152,000 during the period. Following the opening of CFC2 in February, we have been executing an operational plan to migrate some orders to be fulfilled from CFC2.

Our delivery performance continued to improve, with deliveries per van per week ("DPV/week") of 158 (H1 2012: 150 DPV).

Building capacity
Our second fulfilment centre in Dordon, Warwickshire, formally opened by Prime Minister Rt Hon David Cameron, MP in April, went live with the first customer orders picked on 24 February 2013, on time and on budget. We have been steadily ramping up this facility since then, with CFC2 reaching over 35,000 OPW by the end of the period, on track with our internal operational plan.

CFC2 opened with capacity of approximately 120,000 OPW, and post shareholder approval of our agreement with Morrisons, we will commit to phase 2 development which will take CFC2 capacity up to between 180,000 to 190,000 OPW at a capital cost of approximately £40 million, jointly funded by Morrisons.

We also commenced operations at a non-food distribution centre in Welwyn Garden City, Hertfordshire, which we opened in January 2013, one month ahead of schedule. This will support the longer-term growth in non-food.

IP and Technology leadership: agreement with Morrisons
Since inception we have utilised proprietary IP and technology as the foundation for our business. Maintaining and growing technology leadership in systems, processes and equipment supports our market leading proposition to customers and drives operational excellence. This technology leadership gives us opportunities to generate significant value for Ocado through the commercialisation of our IP and operating knowledge.

In May, we announced our first strategic customer for our IP and operating services with the signing of a 25 year agreement with Morrisons. This agreement covers a number of arrangements which provide additional revenue and profit streams, improve our economic model with the sharing of capital and operational costs, deliver faster utilisation of capacity and more efficient scalability, strengthen our balance sheet, and enable greater investment in R&D in the future.

In addition to the direct benefits to Ocado of this agreement, we consider it to be a strong validation of Ocado's operating model, providing a solution for the challenges faced by grocery retailers worldwide as the online channel continues to increase in importance. This agreement also gives an indication as to the commercialisation potential of our IP and operating knowledge, providing a template for future deals.

Ocado's rights and obligations to source products (including Waitrose own-label products) from Waitrose remain unaffected by the arrangements. The proposed arrangements with Morrisons also include a 25 year sale and leaseback of the Dordon CFC and related mechanical handling equipment.

Given the financial significance of the proposed arrangements with Morrisons relative to Ocado's size, we are required under the Listing Rules to obtain the consent to the arrangements from our shareholders. This requires us to send a Class 1 circular to our shareholders and conduct a shareholder vote at a general meeting. We expect to post the circular later today and convene a general meeting on 18 July 2013. The arrangements are conditional on Ocado obtaining shareholder approval. Full details of the arrangements with Morrisons will be set out in the circular which shareholders should read in full.

Board update

Further to his appointment to the Board as an independent Non-Executive Director and Chairman Designate in March, Sir Stuart Rose assumed the role of Chairman following our AGM on 10 May 2013. Lord Grade retired as a Non-Executive Director and Chairman following the AGM.

Current trading and outlook

While we believe that the economic and consumer environment remains challenging, we continue to see that consumers are increasingly looking to shop online for groceries, evidenced by the online growth figures reported across the grocery industry. We expect to continue growing broadly in line with the market.

We believe we remain well positioned to benefit from this continuing growth in online demand with increased optionality and flexibility in how we drive growth and profitability in our business in the future.

Chief Financial Officer's review

Ocado's steady financial performance for the 24 weeks to 19 May 2013 is underpinned by continuing sales growth and a solid operational performance driving significant EBITDA improvement. The business is starting to realise the benefits of its capital investment programme resulting in improved service to our customers from both capacity and productivity gains in the period.

	24 weeks ended 19 May 2013 £m	24 weeks ended 13 May 2012 £m	% Change
Gross sales	382.7	332.3	+15.2
Revenue	355.9	308.0	+15.6
Gross profit	108.9	93.8	+16.1
EBITDA	19.2	14.9	+28.7
Adjusted operating profit [1]	1.7	2.0	-18.0
Adjusted (loss)/profit before tax [1]	(1.0)	0.4	n/a
Exceptional items	(2.8)	(0.3)	n/a
(Loss)/profit before tax	(3.8)	0.2	n/a

[1] Adjusted to exclude exceptional items.

Revenue

Gross sales increased 15.2% to £382.7 million for the period, as a result of the focus on recruiting new customers and increasing the shopping frequency of regular customers. The rate at which new customers are being added each week remains strong, up 52.7% year-on-year, and average orders per week have increased to 139,000, up from 122,000 in H1 2012, a 13.4% uplift.

Our principal marketing initiatives have been: the Low Price Promise; an increase in promotional activity; further growth in our product range and the introduction of the Smart Pass. As a result the average order size has increased to £114.90, a 1.6% uplift overall, driven by a 9% increase in range since the year end with 31,000 SKU's at the end of the period. Average basket sizes for customers with Smart Pass are up by 3.5% versus 0.1% uplift from customers without a pass. Net delivery income has declined by 17 pence per order as a result of continued investment in the customer proposition.

Revenue grew ahead of gross sales, up 15.6% to £355.9 million, reflecting the change in marketing focus which began in the second half of 2012 with more tailored voucher activity resulting in an overall decrease in voucher spend in the period, down 0.2% of revenue. Marketing vouchers are excluded from the definition of revenue but included in gross sales.

Gross profit

Gross profit rose 16.1% to £108.9 million. Gross margin was 30.6% of revenue (H1 2012: 30.5%), marginally ahead in the period. Products on promotion now account for around 35% of sales, up from less than 30% in H1 2012. Wastage costs have increased from 0.7% of revenue to 1.0% of revenue due to inefficiencies as a result of low initial volumes during the ramp-up phase of CFC2.

Other income increased to £8.1 million in the period, 2.3% of revenue (H1 2012: 2.1%), partly driven by the increased range.

Operating profit

Operating profit before exceptional items for the period was £1.7 million, a reduction of £0.3 million versus H1 2012, with the additional depreciation charges included for CFC2 and the NFDC being offset in part by improved productivity across the underlying business.

At £87.9 million, distribution costs have increased £10.8 million with total distribution costs of 24.7% of revenue (25.0% in H1 2012), and includes an uplift in depreciation year-on-year of £3.0 million. Excluding depreciation, overall distribution costs have increased by 11.4% year-on-year.

Trunking and delivery costs excluding depreciation were up 9.5% and were 11.5% of revenue (H1 2012: 12.2%). Driving this improvement is a 5.4% uplift in the number of deliveries per van per week; benefiting from increased utilisation of the spoke network and a reduction in fuel prices year-on-year.

CFC costs excluding depreciation now represent 8.7% of revenue, marginally down from 8.8% in H1 2012. The additional fixed costs incurred with the opening of the new distribution centres, both of which are still in the ramp-up phase, have been offset by productivity gains within the CFC1 operation.

Administration costs increased by some 0.8% of revenue with 0.3% of this increase being due to an uplift in depreciation as expected, as a result of investment in technology improvements; 0.2% uplift in marketing activity reflecting the switch to below the line activity; and the remainder reflecting an increase in the required back office support for the CFC2 and NFDC and due to increased senior management costs.

Exceptional items

Exceptional items of £2.8 million include staff and other operational costs associated with the opening of both the CFC2 and the NFDC, as well as professional fees incurred to date relating to the commercial arrangements being finalised with Morrisons.

Net finance costs

Net finance costs of £2.7 million in the period are £1.2 million higher than H1 2012 reflecting the ceasing of the capitalisation of borrowing costs relating to CFC2, which is now operational.

Loss/profit before tax

Adjusted loss before tax for the period was £1.0 million, compared to an adjusted profit before tax of £0.5 million in H1 2012, reflecting the stepped change in the depreciation charge associated with the opening of the new distribution centres. Loss before tax after adjusting for exceptional items for the period was £3.8 million, compared to a profit before tax of £0.2 million in H1 2012.

Taxation

Due to the availability of capital allowances and loss relief, the Group did not pay corporation tax during the year. Ocado has approximately £283.3 million of unutilised carried forward tax losses at the end of the period.

Loss per share

Basic and diluted loss per share was 0.66p (H1 2012: earnings of 0.03p), with the sales growth and underlying gains in profit conversion having been offset by the increase in the cost base necessary to support future organic growth from the Group's new distribution centres.

Capital expenditure and cash flow

Capital investment for the period of £40.4 million, is a decrease of 43% from the comparative period mainly due to the reduction in expenditure on CFC2 following its opening during the period.

£23.9 million was spent in the period on the fit-out of CFC2, with total expenditure on CFC2 incurred to date in excess of £180 million, inclusive of £5.6 million capitalised borrowing costs.

The Group continues to invest in developing its own software: £6.7 million (H1 2012: £5.4 million) of internal development costs were capitalised as intangible assets.

Investment of £3.9 million in CFC1 on both capacity and resiliency projects has continued albeit at a lower rate versus last year (H1 2012: £9.0 million); however, in line with growth, investment in new vehicles during the period was ahead of last year at £3.9 million (H1 2012: £2.9 million) due to the timing of the replacement of vehicles which are on five year financing contracts.

Net operating cash flow after finance costs generated a £24.1 million inflow in the period, primarily driven by an improvement in EBITDA of £4.3 million and a positive working capital movement of £13.5 million. This working capital improvement reflects the benefit of higher sales and improved billing and collection of other income, plus a payment in advance from Morrisons of
£5 million.

	H1 2013 £m	H1 2012 £m	Variance £m
Adjusted operating profit[1]	1.7	2.0	(0.3)
Depreciation and amortisation	17.3	12.9	4.4
Impairment and other non-cash items	0.2	-	0.2
EBITDA	**19.2**	**14.9**	**4.3**
Working capital movement	13.5	0.2	13.3
Exceptional items	(2.8)	(0.3)	(2.5)
Finance costs	(5.8)	(2.8)	(3.0)
Operating cash inflow	**24.1**	**12.0**	**12.1**
Capital investment	(39.4)	(60.8)	21.4
(Reduction)/increase in net debt/finance obligations	(11.7)	21.8	(33.5)
Proceeds from share issues net of transaction costs	0.4	0.3	0.1
Movement in cash and cash equivalents	**(26.6)**	**(26.7)**	**0.1**

1 Adjusted to exclude exceptional items.

Balance sheet

The Group had cash and cash equivalents of £63.0 million at the period end, a reduction of £26.6 million from 2 December 2012. This reduction reflects investment in property, plant and equipment of £32.3 million and £7.2 million in software development, offset by repayments of borrowings and finance leases amounting to £12.0 million, and the continuing operating cash performance generating £24.1 million (inclusive of the £5 million payment in advance from Morrisons).

Gross debt at the period end was £137.4 million (2 December 2012: £144.8 million), down from the comparative period with debt repayments of £11.7 million. Total undrawn facilities at 19 May 2013 were £25.8 million (2 December 2012:
£24.1 million).

Key performance indicators

The following table sets out a summary of selected unaudited operating information for H1 2013 and H1 2012:

	H1 2013 (unaudited)	H1 2012 (unaudited)	% Change [5]
Average orders per week	139,000	122,000	+13.4
Average order size (£) [1]	114.90	113.10	+1.6
CFC efficiency (units per hour) [2]	132	114	+15.9
Average deliveries per van per week (DPV/week)	158	150	+5.4
Average product wastage (% of revenue) [3]	1.0%	0.7%	n/a
Items delivered exactly as ordered [4]	98.9%	98.3%	n/a

Deliveries on time or early	94.4%	93.2%	n/a

The following table sets out a summary of selected unaudited financial and operating information for Q1 2013 and Q2 2013:

	12 weeks to 24 Feb 2013 (unaudited)	12 weeks to 19 May 2013 (unaudited)	Q1 % change vs. last year	Q2 % change vs. last year
Gross sales	£185.5 million	£197.2 million	+14.4	+15.9
Average orders per week	130,995	146,576	+12.0	+14.7
Average order size (£) [1]	117.99	112.13	+2.2	+1.1

Source: The information in the tables above is derived from information extracted from internal financial and operating reporting systems and is unaudited.

[1] Average retail value of goods a customer receives (including VAT and delivery charge) per order.
[2] Measured as units dispatched from the CFC per hour worked by CFC operational personnel. The above measure relates to CFC1; the CFC2 measure is excluded until its ramp-up is completed.
[3] Value of products purged for having passed Ocado's "use by" life guarantee, divided by revenue.
[4] Percentage of all items delivered exactly as ordered, i.e. the percentage of items neither missing nor substituted.
[5] Percentage change based on unrounded numbers.

Cautionary statement
Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. Unless otherwise required by applicable law, regulation or accounting standard, 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.

Consolidated income statement
for the 24 weeks ended 19 May 2013

	Notes	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
Revenue	5	355.9	308.0	678.6
Cost of sales		(247.0)	(214.2)	(471.3)
Gross profit		108.9	93.8	207.3
Other income		8.1	6.5	16.7
Distribution costs		(87.9)	(77.1)	(169.8)
Administrative expenses		(27.4)	(21.2)	(48.8)
Operating profit before exceptional items		1.7	2.0	5.4
Exceptional items	6	(2.8)	(0.3)	(2.4)
Operating (loss)/profit		(1.1)	1.7	3.0
Finance income	7	0.1	0.3	0.4
Finance costs	7	(2.8)	(1.8)	(4.0)
(Loss)/profit before tax		(3.8)	0.2	(0.6)
Taxation		-	-	(1.8)
(Loss)/profit for the period		(3.8)	0.2	(2.4)

(Loss)/earnings per share		pence	pence	pence
Basic and diluted	11	(0.66)	0.03	(0.46)

Non-GAAP measure: Earnings before interest, taxation, depreciation, amortisation, impairment and exceptional items (EBITDA)

	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
Operating (loss)/profit	(1.1)	1.7	3.0
Adjustments for:			
Depreciation of property, plant and equipment	13.4	10.2	22.8
Amortisation expense	3.9	2.7	6.2
Impairment of property, plant and equipment	0.2	-	0.1
Exceptional items	2.8	0.3	2.4
EBITDA	19.2	14.9	34.5

Consolidated statement of comprehensive income

for the 24 weeks ended 19 May 2013

	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
(Loss)/profit for the period	(3.8)	0.2	(2.4)
Other comprehensive (expense)/ income:			
Cash flow hedges			
- Gains/(losses) arising on forward foreign exchange contracts	0.6	(1.6)	(1.8)
- Gains/(losses) arising on interest rate swaps	0.1	(0.1)	1.5
- (Gains)/losses transferred to property, plant and equipment	(0.1)	0.3	(0.4)
Other comprehensive income/(expense) for the period, net of tax	0.6	(1.4)	(0.7)
Total comprehensive expense for the period	(3.2)	(1.2)	(3.1)

Consolidated balance sheet

as at 19 May 2013

	Notes	19 May 2013 £m (unaudited)	13 May 2012 £m (unaudited)	2 December 2012 £m (audited)
Non-current assets				
Intangible assets		24.6	16.5	21.6
Property, plant and equipment		220.1	249.3	280.3
Deferred tax asset		7.9	9.6	7.9

Available-for-sale financial asset		0.4	0.4	0.4
		253.0	275.8	310.2
Current assets				
Inventories		20.9	14.0	17.5
Trade and other receivables		31.9	35.4	30.8
Derivative financial instruments		-	-	0.2
Cash and cash equivalents		63.0	65.4	89.6
Assets classified as held for sale	8	79.9	-	-
		195.7	114.8	138.1
Total assets		448.7	390.6	448.3
Current liabilities				
Trade and other payables		(104.8)	(78.1)	(94.1)
Borrowings	10	(5.0)	(3.1)	(2.6)
Obligations under finance leases	10	(15.5)	(20.5)	(19.8)
Derivative financial instruments		(0.2)	(1.6)	(0.7)
Provisions		(0.3)	(0.9)	(0.4)
Liabilities directly associated with assets classified as held for sale	8	(45.1)	-	-
		(170.9)	(104.2)	(117.6)
Net current assets		24.8	10.6	20.5
Non-current liabilities				
Borrowings	10	(43.7)	(76.5)	(91.3)
Obligations under finance leases	10	(28.3)	(36.6)	(31.1)
Provisions		(2.3)	(0.6)	(2.2)
Deferred tax liability		(0.4)	(0.4)	(0.4)
		(74.7)	(114.1)	(125.0)
Net assets		203.1	172.3	205.7
Equity				
Share capital		12.3	11.2	12.3
Share premium		248.1	214.1	247.8
Treasury shares reserve		(53.9)	(53.8)	(53.9)
Reverse acquisition reserve		(116.2)	(116.2)	(116.2)
Other reserves		(0.1)	(1.4)	(0.7)
Retained earnings		112.9	118.4	116.4
Total equity		203.1	172.3	205.7

Consolidated statement of cash flows

for the 24 weeks ended 19 May 2013

	Notes	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
Cash flow from operating activities				
(Loss)/profit before tax		(3.8)	0.2	(0.6)
Adjustments for:				
- Depreciation of property, plant and equipment		13.4	10.2	22.8
- Amortisation expense		3.9	2.8	6.2

- Impairment of property, plant and equipment		0.2	-	1.0
- Loss/(profit) on disposal of property, plant and equipment		0.1	-	-
- Provision for dilapidations expense		0.1	0.1	0.1
- Provision for insurance claims		(0.1)	0.2	(0.1)
- Share-based payments charge		0.3	0.3	0.9
- Foreign exchange movements		-	-	(0.4)
- Finance income	7	(0.1)	(0.3)	(0.4)
- Finance costs	7	2.8	1.8	4.0
Changes in working capital:				
- Movement in inventories		(3.3)	0.3	(3.2)
- Movement in trade and other receivables		1.2	2.3	5.8
- Movement in trade and other payables		15.2	(3.1)	3.6
Cash generated from operations		29.9	14.8	39.7
Interest paid		(5.8)	(2.8)	(7.7)
Net cash flows from operating activities		24.1	12.0	32.0
Cash flows from investing activities				
Purchase of property, plant and equipment		(32.3)	(55.1)	(82.6)
Purchase of intangible assets		(7.2)	(6.1)	(14.2)
Interest received		0.1	0.4	0.4
Net cash flows from investing activities		(39.4)	(60.8)	(96.4)
Cash flows from financing activities				
Proceeds from the issue of ordinary share capital net of transactions costs		0.4	0.3	35.1
Proceeds from borrowings		-	32.3	50.1
Repayment of borrowings		(1.0)	(1.8)	(2.8)
Proceeds from asset based financing arrangements		-	1.9	2.1
Repayments of obligations under finance leases		(11.0)	(10.1)	(20.9)
Settlement of forward foreign exchange contracts		0.3	(0.5)	(1.8)
Net cash flows from financing activities		(11.3)	22.1	61.8
Net decrease in cash and cash equivalents		(26.6)	(26.7)	(2.6)
Cash and cash equivalents at the beginning of the period		89.6	92.1	92.1
Exchange adjustments		-	-	0.1
Cash and cash equivalents at the end of the period		63.0	65.4	89.6

Consolidated statement of changes in equity

for the 24 weeks ended 19 May 2013

	Share capital	Share premium	Treasury shares reserve	Reverse acquisition reserve	Other reserves	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 2 December 2012	12.3	247.8	(53.9)	(116.2)	(0.7)	116.4	205.7
Loss for the period	-	-	-	-	-	(3.8)	(3.8)
Other comprehensive income/(expense):							
Cash flow hedges							
- Gains arising on forward foreign exchange contracts	-	-	-	-	0.6	-	0.6
- Gains arising on interest rate swaps	-	-	-	-	0.1	-	0.1
- Gains transferred to property, plant and equipment	-	-	-	-	(0.1)	-	(0.1)
Total comprehensive income/(expense) for the period	-	-	-	-	0.6	(3.8)	(3.2)
Transactions with owners:							
- Issue of ordinary shares	-	0.3	-	-	-	-	0.3
- Share-based payments charge	-	-	-	-	-	0.3	0.3
Total transactions with owners	-	0.3	-	-	-	0.3	0.6
Balance at 19 May 2013 (unaudited)	12.3	248.1	(53.9)	(116.2)	(0.1)	112.9	203.1

	Share capital	Share premium	Treasury shares reserve	Reverse acquisition reserve	Other reserves	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 27 November 2011	11.2	213.8	(53.8)	(116.2)	-	117.9	172.9
Profit for the period	-	-	-	-	-	0.2	0.2
Other comprehensive (expense)/income:							
Cash flow hedges:							
- Losses arising on forward foreign exchange contracts	-	-	-	-	(1.6)	-	(1.6)
- Losses arising on interest rate swaps	-	-	-	-	(0.1)	-	(0.1)

- Losses transferred to property, plant and equipment	-	-	-	-	0.3	-	0.3
Total comprehensive (expense)/income for the period	-	-	-	-	(1.4)	0.2	(1.2)
Transactions with owners:							
- Issue of ordinary shares	-	0.3	-	-	-	-	0.3
- Share-based payments charge	-	-	-	-	-	0.3	0.3
Total transactions with owners	-	0.3	-	-	-	0.3	0.6
Balance at 13 May 2012 (unaudited)	11.2	214.1	(53.8)	(116.2)	(1.4)	118.4	172.3
Loss for the period	-	-	-	-	-	(2.6)	(2.6)
Other comprehensive (expense)/income:							
Cash flow hedges:							
- Losses arising on forward foreign exchange contracts	-	-	-	-	(0.2)	-	(0.2)
- Losses arising on interest rate swaps	-	-	-	-	(0.3)	-	(0.3)
- Losses transferred to property, plant and equipment	-	-	-	-	1.2	-	1.2
Total comprehensive income/(expense) for the period	-	-	-	-	0.7	(2.6)	(1.9)
Transactions with owners:							
- Issue of ordinary shares	1.1	34.7	-	-	-	-	35.8
- Ordinary shares issue costs	-	(1.0)	-	-	-	-	(1.0)
- Share-based payments charge	-	-	-	-	-	0.6	0.6
- Reacquisition of interest in treasury shares	-	-	(0.1)	-	-	-	(0.1)
Total transactions with owners	1.1	33.7	(0.1)	-	-	0.6	35.3
Balance at 2 December 2012	12.3	247.8	(53.9)	(116.2)	(0.7)	116.4	205.7

Notes to the consolidated interim financial information

1 General information

Ocado Group plc (hereafter "the Company") is incorporated and domiciled in the United Kingdom (registration number 07098618). The address of its registered office is Titan Court, 3 Bishops Square, Hatfield, Hertfordshire, AL10 9NE. The consolidated interim financial information (hereafter "financial information") comprises the results of the Company and its subsidiaries (hereafter "the Group").

The financial period represents the 24 weeks ended 19 May 2013 (prior period 24 weeks ended 13 May 2012; prior financial year 53 weeks ended 2 December 2012).

2 Basis of preparation

The financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the UK Financial Services Authority.

The financial information does not amount to full statutory accounts within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual Report and accounts of Ocado Group plc for the 53 weeks ended 2 December 2012 which was prepared in accordance with IFRS as adopted by the European Union and were filed with the Registrar of Companies. This report is available either on request from the Company's registered office or to download from www.ocadogroup.com. The auditor's report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The financial information is presented in sterling, rounded to the nearest hundred thousand unless otherwise stated. It has been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

The financial information has been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. The basis for this is explained further in the financial review.

3 Accounting policies

The accounting policies applied by the Group in these interim financial statements are substantially the same as those applied by the Group in its consolidated financial statements for the 53 weeks ended 2 December 2012. Whilst there have been a number of minor changes to standards which become applicable for the financial year ending 1 December 2013, none have been assessed as having a significant impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the Annual Report and accounts for the 53 weeks ended 2 December 2012.

4 Segmental reporting

The principal activities of the Group are the retailing, logistics and distribution of grocery and consumer goods and the development and monetisation of intellectual property and technology for the online retailing, logistics and distribution of these goods, derived solely from the UK. The Group is not reliant on any major customer for 10% or more of its revenue.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, as required under IFRS 8. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors.

The principal activities of the Group are managed as one segment. The Group does not split its activities into any further regional or product subdivisions in its internal management reporting, as any such split would not provide the Group's management with any meaningful information. Consequently, all activities relate to this one segment.

The chief operating decision-maker's main indicator of performance of the segment is EBITDA, which is reconciled to operating profit below the income statement.

5 Gross sales

	24 weeks ended 19 May 2013	24 weeks ended 13 May 2012	53 weeks ended 2 December 2012
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)

Revenue	355.9	308.0	678.6
VAT	21.7	18.8	41.9
Marketing vouchers	5.1	5.5	11.4
Gross sales	382.7	332.3	731.9

6 Exceptional items

Exceptional items of £2.8 million include staff and other operational costs associated with the opening of both the CFC2 and the NFDC, as well professional fees incurred to date relating to the Morrisons agreement.

7 Finance income and costs

	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
Interest on cash balances	0.1	0.3	0.4
Finance income	0.1	0.3	0.4
Borrowing costs			
- Obligation under finance leases	(1.4)	(1.4)	(3.1)
- Borrowings	(2.5)	(1.8)	(4.9)
Capitalised borrowing costs	1.1	1.5	4.1
Fair value movement on derivative financial instruments	-	(0.1)	(0.1)
Finance costs	(2.8)	(1.8)	(4.0)
Net finance costs	(2.7)	(1.5)	(3.6)

8 Non-current assets held for sale

On 17 May 2013 the Group entered into a share purchase agreement to dispose of Last Mile Developments Limited, which owns the land and buildings of CFC2. The disposal is to be effected as part of the agreement with Morrisons to license certain technology, logistics and distribution services to enable Morrisons to launch and develop its online grocery business, which was announced on 17 May 2013. The disposal is expected to be completed in the third quarter of 2013, upon which control will pass to the acquirer.

Last Mile Developments Limited's operations have been classified as a disposal group held for sale and presented separately in the balance sheet. The proceeds of disposal are expected to equal the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

Upon completion of the deal with Morrisons, the land and buildings held by Last Mile Developments Limited will be leased back under an operating lease and will continue to be used as part of Ocado's business and to service the Group's obligations towards Morrisons.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	19 May 2013 £m (unaudited)
Property, plant and equipment	79.9
Total assets classified as held for sale	79.9
Borrowings	(44.9)
Derivative financial instruments	(0.2)
Total liabilities associated with assets classified as held for sale	(45.1)
Net assets of disposal group	34.8

9 Capital expenditure and commitments

During the period there were additions to property, plant and equipment of £33.4 million (13 May 2012: £65.3 million). Additions to intangible assets amounted to £0.3 million (13 May 2012: £0.7 million) and internal development costs capitalised to £6.7 million (13 May 2012: £5.4 million).

In the period there were disposals of property, plant and equipment with a book value of £0.1 million (13 May 2012: £nil). There were no disposals of intangible assets during the period (13 May 2012: £nil). At 19 May 2013, capital commitments contracted, but not provided for by the Group, amounted to £19.7 million (13 May 2012: £64.1 million). Of this amount, £10.9 million (13 May 2012: £49.8 million) relates to property, plant and equipment and building costs for CFC2.

10 Borrowings and obligations under finance leases

	19 May 2013	13 May 2012	2 December 2012
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Current liabilities			
Borrowings	5.0	3.1	2.6
Obligations under finance leases	15.5	20.5	19.8
	20.5	23.6	22.4
Non-current liabilities			
Borrowings	43.7	76.5	91.3
Obligations under finance leases	28.3	36.6	31.1
	72.0	113.1	122.4
Borrowings included in non-current assets held for sale	44.9	-	-
Total Group borrowings and finance leases	137.4	136.7	144.8

11 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held pursuant to the Group's Joint Share Ownership Scheme which are accounted for as treasury shares.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. The Company has two categories of potentially dilutive shares, namely share options and shares held pursuant to the Group's Joint Share Ownership Scheme. Potential ordinary shares were not taken into account for the current period and the 53 weeks ended 2 December 2012 as their effect would have been anti-dilutive. The effect of adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares did not have a material effect on the reported earnings per share for the comparative period.

Basic and diluted (loss)/earnings per share have been calculated as follows:

	24 weeks ended 19 May 2013	24 weeks ended 13 May 2012	53 weeks ended 2 December 2012
	million	million	million
	(unaudited)	(unaudited)	(audited)
Number of shares			
Issued shares at the beginning of the period	578.3	521.9	522.1
Effect of share options exercised in the period	0.1	0.3	0.3
Effect of shares issued in the period	-	-	0.9
Weighted average number of shares at the end of the period for the purposes of basic and dilutive earnings per share	578.4	522.2	523.3

Earnings	£m	£m	£m
(Loss)/profit for the period	(3.8)	0.2	(2.4)

	pence	pence	pence
Basic and diluted (loss)/earnings per share	(0.66)	0.03	(0.46)

12 Related party transactions

Key management personnel

Only the Executive and Non-Executive Directors are deemed to be key management personnel. It is the Board which has responsibility for planning, directing and controlling the activities of the Group. All transactions are on an arm's length basis and no period end balances have arisen as a result of these transactions.

On 17 May 2013, the Company agreed to issue and allot 452,284 shares in the Company to Sir Stuart Rose at nominal value. These shares which are being held by Appleby Trust (Jersey) Limited, the EBT Trustee, will not vest until 10 May 2016 and will only vest subject to Sir Stuart Rose's continued membership of the Board. In accordance with paragraph D.1.3 of the 2010 Code, Sir Stuart Rose shall not sell any of these shares until the first anniversary of his ceasing to be a member of the Board.

Other related party transactions with key management personnel made during the period related to the purchase of professional services and amounted to £1,500 (2012: £3,000). All transactions are on an arm's length basis and no period end balances have arisen as a result of these transactions. The only balance outstanding at period end is £27,000, which arose in periods before relevant directorships were obtained.

There were no other material transactions or balances between the Group and its key management personnel or members of their close family.

Investment

The Group holds a 25% interest in Paneltex Limited whose registered office is at Paneltex House, Somerden Road, Hull, HU9 5PE. The Group's interest in Paneltex Limited has not been treated as an associated undertaking as Ocado does not have significant influence over Paneltex Limited.

The following direct transactions were carried out with Paneltex Limited:

	24 weeks ended 19 May 2013	24 weeks ended 13 May 2012	53 weeks ended 2 December 2012
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Purchase of goods			
- Plant and machinery	-	-	0.1
- Consumables	0.1	0.1	0.2
	0.1	0.1	0.3

Indirect transactions, consisting of the purchase of plant and machinery through some of the Group's finance lease counterparties, were carried out with Paneltex Limited to the value of £1.5 million (H1 2012: £1.2 million).

At period end, the Group owed Paneltex £10,000 (H1 2012: £14,000).

13 Analysis of net debt

(a) Net debt

	19 May 2013	13 May 2012	2 December 2012
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Current assets			

Cash and cash equivalents	63.0	65.4	89.6
	63.0	65.4	89.6
Current liabilities			
Borrowings	(5.0)	(3.1)	(2.6)
Obligations under finance leases	(15.5)	(20.5)	(19.8)
	(20.5)	(23.6)	(22.4)
Non-current liabilities			
Borrowings	(43.7)	(76.5)	(91.3)
Obligations under finance leases	(28.3)	(36.6)	(31.1)
	(72.0)	(113.1)	(122.4)
Total net debt before non-current assets held for sale	(29.5)	(71.3)	(55.2)
Borrowings associated with non-current assets held for sale	(44.9)	-	-
Total net debt	(74.4)	(71.3)	(55.2)

(b) Reconciliation of net cash flow to movement in net debt

	24 weeks ended 19 May 2013 £m (unaudited)	24 weeks ended 13 May 2012 £m (unaudited)	53 weeks ended 2 December 2012 £m (audited)
Net decrease in cash and cash equivalents	(26.6)	(26.7)	(2.6)
Exchange adjustments	-	-	0.1
Net decrease/(increase) in debt and lease financing	12.0	(22.2)	(28.5)
Non-cash movements:			
- Assets acquired under finance lease	(3.8)	(3.2)	(7.5)
- Net movement in arrangement fees charged against loans	(0.8)	-	2.5
Movement in net debt in the period	(19.2)	(52.1)	(36.0)
Opening net debt	(55.2)	(19.2)	(19.2)
Closing net debt	(74.4)	(71.3)	(55.2)

14 Post balance sheet events

There were no events after the balance sheet date which require adjustment to or disclosure in the financial information.

Principal risks and uncertainties

The Group faces a number of risks and uncertainties that may have an adverse impact on the Group's operation, performance or future prospects. The principal risks and uncertainties set out in Ocado Group plc's Annual Report and accounts for the 53 weeks ended 2 December 2012 remain as those that may have an adverse impact on the Group's operation or performance for the balance of the 52 weeks ending on 1 December 2013, with the addition of a number of new principal risks and uncertainties as a result of the agreement with Morrisons. These principal risks and uncertainties are summarised below.

- Developing our offer to customers to retain our market leading position in terms of service, range and price:
  - the Group is dependent on Ocado's brand reputation as this is a key reason for customers to shop with Ocado;
  - the Waitrose relationship is important to the perception of Ocado's brand, and there is no certainty that the sourcing arrangements will continue beyond their contracted terms;
  - maintaining competitive prices and developing a quality product range requires us to build strong relationships with suppliers;
  - there may be changes in regulation for online retailing which could adversely impact the Group's business;

- Growing customer numbers and spend:
    - o the trend in the UK food retailing market is towards online grocery, however, there is a threat of heavy investment in online by traditional grocery retailers, and the market is competitive;
- Optimising operations:
    - o the Group is reliant on key operational management personnel, and is dependant on CFC1 until CFC2 reaches a more material level of operation;
    - o technology failures could impact on efficiency and service levels;
    - o for uninterrupted operation the Group is dependant on the internet and its own IT and communications systems;
    - o breaches of health and safety laws could impact on operational performance or damage brand reputation;
- Building capacity to satisfy increased demand and drive scale benefits:
    - o the Group is dependant on achieving a ramp-up plan for CFC2 and the NFDC;
    - o further financing may be required for the Group's expansion plans;
    - o overhead efficiencies need to be delivered to reach the Group's targets;
- Developing market-leading intellectual property and technology:
    - o international development of the online grocery market is at a very early stage; and
    - o the pace and direction of technological advances is difficult to predict, and there can be no certainty that the Group will maintain its leading position.

In addition, following the announcement of the arrangements with Morrisons, there a number of additional risks, including:

- Relationship with Waitrose as a result of the arrangement with Morrisons:
    - o the Group intends to operate its business in a manner fully consistent with the agreements with Waitrose. However, it is possible that the arrangement with Morrisons may accidentally or by design be operated differently from the way in which the Group anticipated when the agreements were executed. In addition, the Company can give no assurances as to any action Waitrose may take outside the terms of the agreements with Waitrose.
- Acceleration of the creation of a new competitor to Ocado.com:
    - o by assisting Morrisons in launching its online business, and by doing so in a way that the Board believes to be more efficient than the online offering that Morrisons might otherwise have developed, the Group is assisting in creating a competitor for its business.

For more information on the first section of the above principal risks and uncertainties and how the Group mitigates the risks applicable as at 2 December 2012, refer to pages 43 to 44 of the Annual Report and accounts for the 53 weeks ended 2 December 2012, a copy of which is available on the Group's corporate website, www.ocadogroup.com.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements have been prepared in accordance with IAS 34 ('Interim Financial Reporting') as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

The Directors of Ocado Group plc as at the date of this announcement are as follows:

Executive Directors
Tim Steiner, Chief Executive Officer;
Jason Gissing, Commercial Director;
Neill Abrams, Legal and Business Affairs Director;
Duncan Tatton-Brown, Chief Financial Officer;
Mark Richardson, Operations Director;
Non-Executive Directors
Sir Stuart Rose, Chairman;
David Grigson, Senior Independent Director;
Ruth Anderson;
Robert Gorrie;
Jörn Rausing;
Douglas McCallum; and
Alex Mahon.

Sir Stuart Rose joined the Board as a Non-Executive Director on 21 January 2013, and became Chairman at the AGM, with Lord Grade stepping down from this position on the same date. Wendy Becker left the Company on 21 January 2013.

By order of the Board

Duncan Tatton-Brown
Chief Financial Officer

Neill Abrams
Legal and Business Affairs Director

2 July 2013

Independent review report to Ocado Group plc

Introduction

We have been engaged by the Company to review the condensed consolidated financial statements in the half-yearly financial report for the 24 weeks ended 19 May 2013, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial statements included in this half-yearly 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 consolidated financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 consolidated financial statements in the half-yearly financial report for the 24 weeks ended 19 May 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

2 July 2013

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