Final Results

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Ocado Group PLC
07 February 2013

OCADO GROUP PLC

Preliminary results for the 53 weeks ended 2 December 2012

7 February 2013 - Ocado Group plc ("Ocado") today announces its unaudited preliminary results for the 53 weeks ended
2 December 2012.

Strategic and operational highlights

· Exited 2012 with strong momentum in customer growth and basket size maintained
· Service metrics continue at consistently high standards
· Range extended by 40% to over 28,000 SKUs (2011: 20,000)
· Significant progress in pricing including the introduction of Low Price Promise, our basket matching initiative
· Dordon Customer Fulfilment Centre ("CFC2") on track to open by the end of February, and remains on budget

Key financials

	53 Weeks 2012 £million	Change vs 2011	52 Weeks 2012 £million	Change vs 2011
Gross sales[1]	731.9	+13.9%	716.2	+11.4%
EBITDA[2]	34.5	+23.9%	33.5	+20.4%
Adjusted[3] profit before tax	1.8	+£4.2 million	1.3	+£3.7 million

· Net debt of £55.2 million (2011: £19.2 million)
· Cash and cash equivalents of £89.6 million (2011: £92.1 million)

Statutory highlights

· Revenue of £678.6 million (2011: £598.3 million)
· Loss before tax of £0.6 million (2011: £2.4 million)

Tim Steiner, Chief Executive Officer of Ocado, said:
"We continued to achieve double digit sales growth during 2012 with increasing rates of sales and new customer momentum as we moved into 2013. This has been driven by further improvements to our core offer to customers - better value, wider ranges and enhanced service.

"Shopping online for groceries is clearly of increasing importance to consumers. In 2013, we will continue to improve the attractiveness of Ocado to customers and we shall substantially increase our capacity with the opening of our second fulfilment centre, creating over 1,000 jobs in the Midlands."

Duncan Tatton-Brown, Chief Financial Officer of Ocado, said:

"We have ended 2012 with a solid financial platform and a cash position of £89.6 million. We have worked hard at improving overall efficiency in our operations and margins are improving. The introduction of a significant increase in fulfilment capacity this year to meet growing demand, and our continued efforts to drive efficiency, will enable us to demonstrate the longer term benefits of our business model."

Results presentation
A results presentation will be held for investors and analysts at 9:30am today at the offices of M:Communications, 11th floor,
1 Ropemaker Street, London, EC2Y 9AW. Presentation material will be available online at results12.ocadogroup.com.

Contacts

- Tim Steiner, Chief Executive Officer on 020 7920 2330 today and 01707 228 000
- Duncan Tatton-Brown, Chief Financial Officer on 020 7920 2330 today and 01707 228 000
- David Hardiman-Evans, Head of IR & Corporate Finance on 020 7920 2330 today and 01707 228 000
- Michelle Shearly, Public Relations Manager on 01707 382 274
- Nick Miles, Ann-marie Wilkinson or Charlotte Kirkham at M:Communications on 020 7920 2330

Notes
1. Gross sales include revenue plus VAT and marketing vouchers.
2. EBITDA is a non-GAAP measure which we define as earnings before net finance cost, taxation, depreciation, amortisation, impairment and exceptional items.
3. Adjusted to exclude exceptional items.

Where deemed relevant by the Group, references to financial performance in the highlights and the business reviews are stated on a proforma 52-week basis to 25 November 2012, unless specified otherwise.

Chief Executive Officer's review

We have continued to make significant progress in creating a virtuous cycle between growth and developing a long-term sustainable and profitable business. This has been achieved against the backdrop of the softer economic environment in the UK which looks set to continue.

Strategic objectives
Our strategic objectives centre on driving growth and delivering long-term profitability. There are a number of complementary elements to these objectives:

- Developing our offer to customers to retain our market leading position in terms of service, range and price;
- 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.

Developing the proposition to customers
What attracts customers to shop with us is our quality of service, the range we sell and confidence in our prices.

We continued to deliver to customers with, what we believe to be, market leading accuracy and on time performance. Orders delivered on-time or early improved to 92.7% and order accuracy was maintained at 98.3% during the period.

We continue to improve our customers' shopping experience to make it quicker, easier and more convenient. We launched latest generations of our range of mobile apps to remain at the forefront of the mobile shopping trend, with 28% of checkouts now across apps, and mobile checkouts across our website continuing to grow strongly. Further examples of service enhancements added in the past year include text messages to customers indicating the expected 25 minute delivery windows within the one hour slots, real time order tracking, and new services allowing customers to login to Ocado using their Facebook accounts, and to start shopping with Ocado through the BBC Good Food recipe website.

We extended our range by more than 40% to over 28,000 products, now wider than any supermarket. We continued to add more branded lines, together with additional specialty lines such as Swedish and Spanish food categories and the largest "free from" range in a supermarket, now with almost 800 lines.

The Ocado own-label brand continues to gain popularity amongst our customers who recognise the quality and value for money that it represents. Sales of the Ocado own-label range continued to grow strongly, up over 70% year-on-year, with over 77% of our customers' baskets now containing at least one Ocado own-label product.

Product freshness remains very important for customers in their choice of shopping destination. We continue to provide Life Guarantees on our fresh produce, guaranteeing a minimum product life. We believe that our business model allows us to run with lower levels of waste than our competitors, less than 0.7% of revenue.

We also significantly increased our non-food range, now numbering over 8,000 SKUs, particularly in Home, Health & Beauty, Baby, and Pet. With increased demand for ranges delivered in convenient one hour time slots at the same time as their groceries, we plan to expand this range to 15,000 SKUs by the end of 2013.

We continue to work hard on our price competitiveness to give better value and price confidence to our customers. Working with the support of many of our suppliers, we believe that we now offer a level of promotional activity similar to the largest players in our industry. During the year we also launched Low Price Promise ("LPP"), our new basket matching initiative which covers both branded and standard tier priced own-label products. The early results of LPP are encouraging, with improved customer confidence in our value and stronger sales growth since launch.

Customer and sales growth
Our active customers at the end of the period stood at 355,000 up from 298,000 at the start of the year. We saw some softness in new customer acquisition during the summer months but Autumn initiatives such as new customer acquisition partnerships and a stronger price message increased the rate of customer acquisition in the final quarter compared to the previous year. We have observed that an increasing proportion of new customers have shopped online before with our competitors.

During the second half of the year we continued to retain a similar proportion of new customers while reducing retention voucher spend, helped in part by the introduction of the LPP, our basket matching scheme.

Our customers' average baskets stabilised during the course of the year standing at £112.17 by the period end, broadly the same as the previous year. The combined effects of a natural slowing of delivery pass adoption, range expansion and other initiatives has offset the effect of challenging economic conditions on customer spend.

Optimising operations
We have made good progress in expanding capacity and efficiency in the Hatfield Customer Fulfilment Centre ("CFC1"), with several new enhancements going live, notably a new large storage and fast picking machine, our ambient automated storage facility, and crane improvements. During the period we removed all remaining ambient and chilled trolley picking from our fulfilment system and introduced the first automated bagging machine.

The highest number of orders delivered in a week exceeded 140,000 during the period, and peak day volumes ran consistently at new record levels. We shall continue to increase capacity in CFC1 towards 150,000 orders per week in the coming months.

Efficiency levels have improved through the year, although these improvements were more limited in the second half due to significant non-food range extension. Using the units per hour efficiency measure ("UPH"), the average productivity in CFC1 for 2012 was 120 UPH, up from 111 UPH in 2011. Significantly, H2 showed steady improvement over H1 (126 v 114).

We expanded our service delivery network with the opening of our Oxford spoke in January 2012, allowing stronger growth in this region. The increasing scale of our business, combined with improved running efficiency of the CFC, has contributed to continuing improvement of our delivery performance, with deliveries per van per week ("DPV/ week") of 151 peaking at 170. We expect delivery efficiency to increase further as our business continues to grow with the opening of CFC2.

Building capacity
Progress has continued according to plan at our second fulfilment centre, CFC2, in Dordon, Warwickshire, and the project remains on budget. Equipment testing started in early summer, and systems testing commenced according to schedule later in the summer. We have now started receiving stock from suppliers and expect to go live with the first customer orders picked by the end of February.

We also commenced the fit out of a non-food distribution centre in Welwyn Garden City, Hertfordshire, which we opened last week. This will support the longer term growth in non-food.

IP and Technology leadership

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. In 2012 we have continued to develop our suite of IP with many technology improvements across the business from improved user interfaces on our website and mobile apps, to real time simulations of our CFCs to improve operations and flow analysis.

People and recognition

Central to our success is the energy and commitment of nearly 6,000 employees across the business. I want to acknowledge their tremendous efforts made throughout the year. We continued to work with and listen to the views of our employees through the Ocado Council, with USDAW representatives participating for the first time during the year.

Once again, our customers regularly commented on the outstanding service provided by our delivery team of over 2,000 Customer Service Team Members.

We were delighted that we were recognised in the PayPal Awards as Best Pure-play Etailer and for the way we have embraced mobile with the Award for the Best Use of M-Commerce. We also received recognition with a number of other awards during the year, notably Best Online Retailer and Best Family Brand in the Loved By Parents Awards.

Change of Directors

On 22 January 2013, we announced that Sir Stuart Rose had been appointed as an independent Non-Executive Director and Chairman Designate with effect from 11 March 2013. Sir Stuart has significant retail experience, having previously been Chief Executive Officer and Chairman at Marks & Spencer Group plc, Chief Executive Officer of Arcadia Group and Chief Executive Officer of Booker Group plc. Lord Michael Grade will retire as a Non-Executive Director and Chairman following our next AGM in May 2013. Lord Grade has been a great asset to the Company during his tenure as Chairman of the Board and we wish him well in his retirement.

On 1 September 2012, we welcomed Duncan Tatton-Brown to the Board as Chief Financial Officer. Duncan brings significant experience from across the retail and consumer spectrum with senior finance roles including Group Finance Director of Kingfisher plc, Finance Director of B&Q plc, CFO of Virgin Entertainment Group and various finance roles at Burton Group, and most recently CFO of Fitness First.

Mark Richardson was appointed to the newly created Executive Director role of Operations Director in January 2012, to provide further support to me and the executive in overseeing the Group's operations.

We also welcomed Alex Mahon to the Board on 1 June 2012 as an Independent Non-Executive Director. Alex is CEO of the Shine Group and a Non-Executive Director of the Edinburgh TV Festival. Alex had previously held the positions of Chief Operating Officer at talkbackTHAMES and Director of Commercial Development and Strategy at FremantleMedia. Alex is a member of the Audit and Nomination Committees.

On 22 January 2013, we announced that Wendy Becker, who joined the Board as a Non-Executive Director in March 2012, had resigned from the Board to concentrate on her new executive role at Jack Wills. We wish her well.

David Young, who joined the Board as a Non-Executive Director in October 2000, retired from the Board at the AGM in May 2012. He provided invaluable advice and support during his many years on the Board.

In February 2013, we changed the composition of the Audit Committee and the Remuneration Committee. Non-Executive Director, Robert Gorrie, stood down from the Audit Committee and the Remuneration committee. Non-Executive Director, Jörn Rausing, stood down from the Remuneration Committee, and Senior Independent Director, David Grigson, was appointed to the Remuneration Committee.

Current trading and outlook

Ocado achieved gross sales growth of 11.4% in 2012, with a run rate of growth of 14.2% for the six trading weeks to 6 January 2013. Our ability to grow significantly faster remains limited in the very short-term due to the current capacity limitations of CFC1. However, during 2013 we will open our second fulfilment centre in Dordon, which will give us significant additional capacity to grow into. Last week we started the stock filling of CFC2.

Against a tough economic environment, we continue to see that shopping online for groceries is of increasing importance for consumers evidenced by the online growth figures reported across the grocery industry. As more and more shoppers leave physical stores to shop for their weekly groceries from the comfort of their own homes, we have seen our competitors investing more into the online channel.

We believe we are well positioned to benefit from this continuing growth in online demand with our market-leading offer to customers, and unconstrained by the concerns of cannibalisation of existing stores. It is our mission to continue providing a shopping proposition that offers far more than a traditional supermarket, in terms of convenience, usability, service, range and price. Our focus and business model position us strongly to drive growth and profitability in the future.

Chief Financial Officer's review

Ocado's financial performance for the period to 2 December 2012 was underpinned by continued sales growth; improving profitability and a strengthening of the balance sheet.

The current period results comprise 53 weeks and for comparison purposes, 52 week data which excludes the final trading week of the 2012 financial year, is disclosed where relevant. To provide a meaningful comparison, a summary of the financial performance on a 52 week basis is provided below and all year-on-year growth data referred to below is on a 52 week basis unless stated otherwise.

	53 Weeks 2012 £m	52 Weeks 2012 £m	52 Weeks 2011 £m	% 52 week Variance
Gross sales	731.9	716.2	642.8	11.4%
Revenue	678.6	664.0	598.3	11.0%
Gross profit	207.3	202.8	184.7	9.8%
EBITDA	34.5	33.5	27.9	20.4%
Adjusted operating profit[1]	5.4	4.9	1.1	354.3%
Adjusted profit/(loss) before tax[1]	1.8	1.3	(2.4)	n/a
Exceptional items	(2.4)	(2.3)	-	n/a
Loss before tax	(0.6)	(1.0)	(2.4)	57.1%

[1] Adjusted to exclude exceptional items

Revenue
Gross sales increased 11.4% to £716.2 million for the period (53 week: 13.9%). Sales growth continued to be driven by rising demand with average orders per week of 123,000 up from 110,000 in 2011, an increase of 11.4%, and average order size in line with last year. At the period end the number of Active Customers was 355,000 (2011: 298,000).

Revenue grew by 11.0% to £664.0 million, (53 week: 13.4%). The rate of increase was below that of gross sales due to increased use of vouchers which are excluded from the definition of revenue but included in gross sales.

Gross profit
Gross profit rose 9.8% to £202.8 million. Gross margin was 30.5% of revenue (2011: 30.9%), lower than 2011 predominantly due to the increased voucher activity. Spend on marketing vouchers, at £11.2 million equated to 1.7% of revenue, up from 1.3% in 2011. The cost of vouchers is charged to gross profit, whereas other types of marketing spend, which declined in 2012, are administrative expenses.

Other income increased to £16.3 million (53 week: £16.7 million), reflecting a 30.2% uplift on 2011 driven by an increase in media income of £3.4 million which now stands at 2.3% of revenue versus 2.0% in 2011 as supplier demand increases for website related activities.

Operating profit
Operating profit for the period was £4.9 million before exceptional costs (53 week: £5.4 million), compared with an operating profit of £1.1 million in 2011. This improvement reflects both growth in revenues and greater operating efficiencies as outlined below.

At £166.2 million (53 week: £169.8 million), distribution costs have increased by 9.6% compared to 2011. This represents a year-on-year improvement as a percentage of revenue from 25.4% in 2011 to 25.0% in the current period, with efficiencies in both the CFC and delivery operations. The improved performance within CFC1 is a result of the investments made in the latter part of 2011 and early 2012 to increase both capacity and overall operational performance; as a result CFC1 costs are now 8.8% of revenue, down from 8.9% in 2011.

Administrative expenses, including marketing costs, were £48.0 million (53 week: £48.8 million), an increase of 7.9% but a reduction as a proportion of revenue to 7.2% (2011: 7.4%). This reflects the switch in marketing activity, offsetting the increased voucher activity reported within gross profit. Payroll costs were higher due to additional support for the set-up of CFC2 and non-food businesses.

Exceptional items

Exceptional items of £2.3 million (53 week: £2.4 million) include staff and other operational costs associated with the opening of CFC2 and a non-food distribution centre in Welwyn Garden City. In addition there is a £0.9 million impairment charge for the Coventry spoke which will be closed shortly after the opening of CFC2.

Net finance costs

Net finance costs of £3.6 million (53 week: £3.6 million) in the period are in line with 2011, despite higher borrowings and lower average cash balances. This is a result of a reduction of £11.2 million in finance lease obligations coupled with lower interest rates being charged on both new and existing loans and finance leases.

Profit/loss before tax

Adjusted profit before tax for the period was £1.3 million (53 week: £1.8 million), an improvement of £3.7 million against 2011. Loss before tax for the period was £1.0 million (53 week: £0.6 million), an improvement of £1.4 million against 2011.

Taxation

Due to the availability of capital allowances and loss relief, the Group did not pay corporation tax during the year. A deferred tax charge of £1.7 million was recognised in the period to reflect lower corporation tax rates and the adoption of a more conservative forecasting approach. Ocado has approximately £279.5 million of unutilised carried forward tax losses at the end of the period.

Loss per share

Basic and diluted loss per share increased from 0.10p to 0.46p, with sales growth and underlying conversion improvements being offset by the impact of the deferred tax charge.

Capital expenditure and cash flow

Capital investment for the period of £124.5 million included capitalised borrowing costs of £4.1 million and is summarised below.

	53 Weeks 2012 £m	52 Weeks 2011 £m	Variance £m
CFC1	15.6	27.7	12.1
CFC2	80.4	72.6	(7.8)
Delivery	8.9	11.8	2.9
Technology	14.4	12.7	(1.7)
Other	5.2	1.3	(3.9)
Total	**124.5**	**126.1**	**1.6**

Expenditure of £15.6 million has increased capacity and improved resiliency within CFC1 enabling Ocado to deliver over 140,000 orders in its peak week during 2012.

The work programme and project costs for CFC2 are in line with expectations. The project is expected to make the first deliveries to customers in the first quarter of 2013. Total expenditure on CFC2 incurred to date is £155.0 million inclusive of £4.5 million capitalised borrowing costs. Phase 1 capital in CFC2 is in line at £190 million pre capitalised interest.

Investment in new vehicles in 2012 was £7.4 million (2011: £7.1 million). Investment in Ocado's spoke network was £1.5 million (2011: £4.7 million) with one new site, near Oxford, opening in January 2012 bringing the total spoke network to ten.

As the Group continues to develop the majority of its own software, £11.5 million (2011: £7.9 million) of internal IT staff costs were capitalised as intangible assets, with a further £2.9 million (2011: £4.9 million) spent on computer hardware and external software.

In total, £13.6 million of internal development costs have been capitalised in the period (2011: £8.2 million) as intangible assets.

This year has seen the further development of the non-food strategy with £3.9 million being spent primarily on a dedicated distribution centre (included in Other above).

Net operating cash flow after finance costs increased to £32.0 million, up 59% on a 53 week basis from £20.1 million in 2011 as detailed below:

	53 Weeks 2012 £m	52 Weeks 2011 £m	Increase / (Decrease) £m
Adjusted operating profit[1]	5.4	1.1	4.3
Depreciation and amortisation	29.0	26.7	2.3
Impairment and other non-cash items	0.1	0.1	-
EBITDA	**34.5**	**27.9**	**6.6**
Working capital movement	6.7	(1.6)	8.3
Exceptional items (excl exceptional impairment)	(1.5)	-	(1.5)
Finance costs	(7.7)	(6.2)	(1.5)
Operating cash inflow	**32.0**	**20.1**	**11.9**
Capital Investment	(96.8)	(114.2)	17.4
Increase in net debt / finance obligations	27.1	60.0	(32.9)
Proceeds from share issues net of transaction costs	35.1	1.3	33.8
Movement in cash and cash equivalents	**(2.6)**	**(32.8)**	**30.2**

[1] Adjusted to exclude exceptional items

The overall improvement in operating cash flow is primarily driven by an increase in EBITDA and an improvement in working capital of £6.6 million and £8.3 million respectively. The net movement in working capital is due to an increase in trade and other payables in line with business growth and capital projects in progress; and to a reduction in trade and other receivables outstanding as a result of process improvements in both billing and collection of monies. Some of this improvement has been offset by increased stockholding at the period end in line with business growth and by an increase in VAT receivables due to the volume of invoices relating to capital projects in progress.

During the year the Group extended the maturity of its £100 million credit facility by 18 months to 6 July 2015. The extended facility now comprises a capital facility of £90 million and a working capital revolving credit facility of £10 million.

At the same time as the facility extension, Ocado raised gross proceeds of £35.8 million through a placing of new equity at a premium to the most recent closing market price of the Company's shares. The placing comprised 55,875,557 new ordinary shares at a price of 64 pence per share, representing approximately 9.99% of existing issued share capital. The proceeds from the placing have strengthened the Group'sbalance sheet which, combined with the extension of the credit facility, will ensure that the Group has the resources available to continue the expansion of its business as planned.

Balance sheet

The Group had cash and cash equivalents of £89.6 million at the period end, a reduction of £2.6 million on the 2011 position. The underlying reduction relates to the continued capital investment of £96.8 million, offset by proceeds received from the equity placing, the increase in debt and improvements in operating cash flows.

Gross debt at the period end was £144.8 million (2011: £111.3 million). During the year a further £45.0 million was drawn down on the Group's £100 million credit facility to fund the investment in CFC2. Debt repayments during the year were £23.7 million. Total undrawn facilities at 2 December 2012, including this facility, were £24.1 million (2011: £78.8 million).

Key performance indicators

The following table sets out a summary of selected unaudited operating information for FY12 and FY11:

	FY12 53 Week (unaudited)	FY12 52 Week (unaudited)	FY11 52 Week (unaudited)	% Change 52 Weeks[5]

Average orders per week	123,000	123,000	110,000	11.4%
Average order size (£)[1]	112.17	112.13	112.15	-
CFC efficiency (units per hour)[2]	120	120	111	7.9%
Average deliveries per van per week (DPV/ week)	151	151	145	4.2%
Average product wastage (% of revenue)[3]	0.7	0.7	0.7	n/a
Items delivered exactly as ordered (%)[4]	98.3	98.3	98.3	n/a
Deliveries on time or early (%)	92.7	92.7	92.3	n/a

Source: The information in the table 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.
(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 assumptions 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 expressed or implied in these forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Ocado does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Consolidated income statement (unaudited)
for the 53 weeks ended 2 December 2012

	Notes	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Revenue	2.2	678.6	598.3
Cost of sales		(471.3)	(413.6)
Gross profit		207.3	184.7
Other income		16.7	12.6
Distribution costs		(169.8)	(151.7)
Operating profit before administrative expenses and exceptional items		54.2	45.6
Administrative expenses		(48.8)	(44.5)
Exceptional items	2.4	(2.4)	-
Operating profit		3.0	1.1
Finance income	4.3	0.4	1.2
Finance costs	4.3	(4.0)	(4.7)
Loss before tax		(0.6)	(2.4)
Taxation		(1.8)	1.9
Loss for the period		(2.4)	(0.5)

Loss per share		pence	pence
Basic and diluted loss per share	2.3	(0.46)	(0.10)

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

	Notes	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Operating profit		3.0	1.1
Adjustments for:			
Depreciation of property, plant and equipment	3.2	22.8	21.3
Amortisation expense	3.1	6.2	5.4
Impairment of property, plant and equipment [1]	3.2	0.1	0.1
Exceptional items [1]	2.4	2.4	-
EBITDA		34.5	27.9

[1] Included within Exceptional items is a £0.9 million impairment charge (see note 2.4)

Consolidated statement of comprehensive income (unaudited) for the 53 weeks ended 2 December 2012

	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Loss for the period	(2.4)	(0.5)
Other comprehensive (expense)/income:		
Cash flow hedges		
- (Losses)/gains arising on forward foreign exchange contracts	(1.8)	0.6
- Losses/(gains) transferred to property, plant and equipment	1.5	(1.2)
- Losses arising on interest rate swaps	(0.4)	(0.1)
Other comprehensive expense for the period, net of tax	(0.7)	(0.7)
Total comprehensive expense for the period	(3.1)	(1.2)

Consolidated balance sheet (unaudited) as at 2 December 2012

	Notes	2 December 2012 £m	27 November 2011 £m
Non-current assets			
Intangible assets	3.1	21.6	13.3
Property, plant and equipment	3.2	280.3	194.1
Deferred tax asset		7.9	9.6
Available-for-sale financial asset		0.4	0.4

		310.2	217.4
Current assets			
Inventories		17.5	14.3
Trade and other receivables		30.8	37.9
Derivative financial instruments		0.2	-
Cash and cash equivalents		89.6	92.1
		138.1	144.3
Total assets		448.3	361.7
Current liabilities			
Trade and other payables		(94.1)	(75.6)
Borrowings	4.1	(2.6)	(3.3)
Obligations under finance leases	4.1	(19.8)	(19.6)
Derivative financial instruments		(0.7)	(0.3)
Provisions		(0.4)	(0.7)
		(117.6)	(99.5)
Net current assets		20.5	44.8
Non-current liabilities			
Borrowings	4.1	(91.3)	(45.8)
Obligations under finance leases	4.1	(31.1)	(42.6)
Provisions		(2.2)	(0.5)
Deferred tax liability		(0.4)	(0.4)
		(125.0)	(89.3)
Net assets		205.7	172.9
Equity			
Share capital	4.4	12.3	11.2
Share premium	4.4	247.8	213.8
Treasury shares reserve	4.4	(53.9)	(53.8)
Reverse acquisition reserve		(116.2)	(116.2)
Other reserves	4.4	(0.7)	-
Retained earnings		116.4	117.9
Total equity		205.7	172.9

Consolidated statement of cash flows (unaudited) for the 53 weeks ended 2 December 2012

	Notes	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Cash flows from operating activities			
Loss before tax		(0.6)	(2.4)
Adjustments for:			
- Depreciation of property, plant and equipment	3.2	22.8	21.3
- Amortisation expense	3.1	6.2	5.4
- Impairment of property, plant and equipment	3.2	1.0	0.1
- Movement in provision for dilapidations expense		0.1	0.2

- Movement in provision for insurance claims		(0.1)	0.5
- Share-based payments charge		0.9	0.5
- Foreign exchange movements		(0.4)	(0.3)
- Finance income	4.3	(0.4)	(1.2)
- Finance costs	4.3	4.0	4.7
Changes in working capital:			
- Movement in inventories		(3.2)	(1.8)
- Movement in trade and other receivables		5.8	(17.8)
- Movement in trade and other payables		3.6	17.1
Cash generated from operations		39.7	26.3
Interest paid		(7.7)	(6.2)
Net cash flows from operating activities		32.0	20.1
Cash flows from investing activities			
Purchase of property, plant and equipment		(82.6)	(105.2)
Purchase of intangible assets		(14.2)	(9.0)
Decrease in short-term investment		-	30.0
Interest received		0.4	1.0
Net cash flows from investing activities		(96.4)	(83.2)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital net of transaction costs		35.1	1.3
Proceeds from borrowings		50.1	39.3
Repayment of borrowings		(2.8)	(2.3)
Proceeds from asset based financing arrangements		2.1	9.9
Repayments of obligations under finance leases		(20.9)	(19.0)
Settlement of forward foreign exchange contracts		(1.8)	1.1
Net cash flows from financing activities		61.8	30.3
Net decrease in cash and cash equivalents		(2.6)	(32.8)
Cash and cash equivalents at the beginning of the period		92.1	124.6
Exchange adjustments		0.1	0.3
Cash and cash equivalents at the end of the period		89.6	92.1

Consolidated statement of changes in equity (unaudited) for the 53 weeks ended 2 December 2012

	Notes	Share capital £m	Share premium £m	Treasury shares reserve £m	Reverse acquisition reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 28 November 2010		11.1	206.1	(47.7)	(116.2)	0.7	117.8	171.8
Loss for the period		-	-	-	-	-	(0.5)	(0.5)
Other comprehensive income/(expense): Cash flow hedges								
- Gains arising on forward foreign exchange contracts		-	-	-	-	0.6	-	0.6
- Losses arising on interest rate swaps		-	-	-	-	(0.1)	-	(0.1)

- Gains transferred to property, plant and equipment		-	-	-	-	(1.2)	-	(1.2)
Translation of foreign subsidiary		-	-	-	-	-	-	-
Total comprehensive expense for the period ended 27 November 2011		-	-	-	-	(0.7)	(0.5)	(1.2)
Transactions with owners:								
- Issue of ordinary shares		0.1	7.7	(6.3)	-	-	-	1.5
- Disposal of treasury shares		-	-	0.2	-	-	-	0.2
- Share-based payments charge		-	-	-	-	-	0.6	0.6
Total transactions with owners		0.1	7.7	(6.1)	-	-	0.6	2.3
Balance at 27 November 2011		11.2	213.8	(53.8)	(116.2)	-	117.9	172.9
Loss for the period		-	-	-	-	-	(2.4)	(2.4)
Other comprehensive (expense)/income:								
Cash flow hedges								
- Losses arising on forward foreign exchange contracts	4.4(b)	-	-	-	-	(1.8)	-	(1.8)
- Losses arising on interest rate swaps	4.4(b)	-	-	-	-	(0.4)	-	(0.4)
- Losses transferred to property, plant and equipment	4.4(b)	-	-	-	-	1.5	-	1.5
Translation of foreign subsidiary	4.4(b)	-	-	-	-	-	-	-
Total comprehensive expense for the period ended 2 December 2012		-	-	-	-	(0.7)	(2.4)	(3.1)
Transactions with owners:								
- Issues of ordinary shares	4.4	1.1	35.0	-	-	-	-	36.1
- Ordinary shares issue costs	4.4	-	(1.0)	-	-	-	-	(1.0)
- Share-based payments charge		-	-	-	-	-	0.9	0.9
- Reacquisition of interest in treasury shares	4.4(b)	-	-	(0.1)	-	-	-	(0.1)
Total transactions with owners		1.1	34.0	(0.1)	-	-	0.9	35.9
Balance at 2 December 2012		12.3	247.8	(53.9)	(116.2)	(0.7)	116.4	205.7

Notes to the consolidated financial information

Section 1- Basis of preparation

General information

The financial information comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the related notes. The financial information for the 53 weeks ended 2 December 2012 is extracted from the unaudited consolidated financial statements. The financial information for the 52 weeks ended 27 November 2011 is derived from the statutory accounts.

The financial information in this preliminary results announcement does not constitute the Group's statutory accounts for the 53 weeks ended 2 December 2012 or the 52 weeks ended 27 November 2011 and does not constitute full accounts within the meaning of section 435 (1) and (2) of the Companies Act 2006. The statutory accounts for 2011 have been delivered to the Registrar of Companies, and those for 2012 will be delivered in due course. The auditors have reported on the statutory accounts for the 52 weeks ended 27 November 2011; their report was (i) unqualified, (ii) did not include a reference to a matter to which the auditors drew attention by way of an emphasis of matter without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for the 53 weeks ended 2 December 2012, on which the auditors have not yet reported, will be finalised on the basis of the financial information presented by the Directors in this announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial year represents the 53 weeks ended 2 December 2012 (the prior financial year represents the 52 weeks ended 27 November 2011). The consolidated financial statements for the 53 weeks ended 2 December 2012 comprise the financial statements of Ocado Group plc (the "Company") and its subsidiaries (the "Group").

Basis of preparation
The financial information has been prepared in accordance with the Listing Rules and the Disclosure and Transparency Rules of the UK Financial Services Authority (where applicable), International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies applied are consistent with those described in the annual report and financial statements for the 52 weeks ended 27 November 2011 of Ocado Group plc. The Company's auditors have confirmed that they are not aware of any matter that may give rise to a modification to their audit report.

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

The Directors are satisfied that the Group's existing facilities provide sufficient funding for the Group to meet its liabilities as they fall due for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial information.

Standards, amendments and interpretations adopted by the Group in 2011/12, or issued but not yet effective, and which have not been early adopted by the Group:
The Group has considered the following new standards, interpretations and amendments to published standards that are effective for the Group for the financial year beginning 28 November 2011 and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements.

- IAS 24 (revised), "Related Party Disclosures"
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements project

The following new standards, interpretations and amendments to published standards and interpretations which are relevant to the Group have been issued but are not effective for the financial year beginning 28 November 2011 and have not been adopted early:

- IFRS 9, "Financial Instruments" (not yet endorsed by the EU)
- IFRS 10, "Consolidated Financial Statements"
- IFRS 11, "Joint Arrangements"
- IFRS 12, "Disclosures of Interests in Other Entities"
- IFRS 13, "Fair Value Measurement"
- IAS 27 (revised 2011) "Separate Financial Statements"
- IAS 28 (revised 2011) "Investments in Associates and Joint Ventures"
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements project

Use of non-GAAP profit measures
The Directors believe that the EBITDA and adjusted profit before tax measures presented provide a clear and consistent presentation of the underlying performance of the Group. EBITDA and adjusted profit before tax are not measures of operating performance in accordance with IFRS-EU and may not be directly comparable with adjusted profit measures used by other companies.

The Group defines EBITDA as earnings before net finance cost, taxation, depreciation of property, plant and equipment, amortisation expense, impairment of property, plant and equipment and exceptional items. The adjustments made to reported loss before tax are set out below the income statement.

The Group defines adjusted profit before tax as profit before tax, excluding exceptional items.

Section 2 - Results for the year

2.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, as required by 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 activity of the Group, which is that of grocery retailing, is 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.

2.2 Gross sales

	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Revenue	678.6	598.3
VAT	41.9	36.5
Marketing vouchers	11.4	8.0
Gross sales	731.9	642.8

2.3 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the parent 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 (the "JSOS") which are accounted for as treasury shares.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. The Company has two categories of potentially dilutive shares, namely share options and shares held pursuant to the JSOS.

There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

Basic and diluted loss per share has been calculated as follows:

	53 weeks ended 2 December 2012 million	52 weeks ended 27 November 2011 million
Issued shares at the beginning of the period	522.1	521.0
Effect of share options exercised in the period	0.3	0.6
Effect of treasury shares disposed of in the period	-	0.1
Effect of shares issued in the period	0.9	-
Weighted average number of shares at the end of the period	523.3	521.7
	£m	£m
Loss attributable to the owners of the Company	(2.4)	(0.5)

	pence	pence
Basic and diluted loss per share	(0.46)	(0.10)

2.4 Exceptional items

In the current period the Group incurred costs relating to the set up of CFC2 and its new non-food business. As part of the set up of CFC2, land, buildings and plant and machinery with a net book value of £0.9 million were impaired due to it being superseded by assets from CFC2. This impairment charge is included in the charge as disclosed in Note 3.2.

	2 December 2012 £m	27 November 2011 £m
Set up costs		
- CFC2	1.2	-
- Non-food	0.3	-
Impairment charge	0.9	-
	2.4	-

Section 3 - Operating assets and liabilities

3.1 Intangible assets - Computer software

	2 December 2012 £m	27 November 2011 £m
Cost		
At the beginning of the period	45.0	34.4
Additions	0.9	2.4
Disposals	(2.1)	-
Internal development costs capitalised	13.6	8.2
At the end of the period	57.4	45.0
Accumulated amortisation		
At the beginning of the period	(31.7)	(26.3)
Disposals	2.1	-
Charge for the period	(6.2)	(5.4)
At the end of the period	(35.8)	(31.7)
Net book value		
At the end of the period	21.6	13.3

The net book value of computer software held under finance leases is analysed below:

	2 December 2012 £m	27 November 2011 £m
Cost	4.3	4.3
Accumulated amortisation	(2.9)	(2.7)
Net book value	1.4	1.6

The movement in cost includes assets of £nil (2011: £0.2 million) reclassified from owned assets to assets held under finance leases following asset based financing arrangements.

For the 53 weeks ended 2 December 2012, internal development costs capitalised represented approximately 94% (2011: 78%) of expenditure on intangible assets and 11% (2011: 7%) of total capital spend including property, plant and equipment.

3.2 Property, plant and equipment

	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Total £m
Cost				
At 28 November 2010	38.2	126.3	27.4	191.9
Additions	59.2	49.2	7.2	115.6
Disposals	-	(0.5)	(3.0)	(3.5)
At 27 November 2011†	97.4	175.0	31.6	304.0
Additions	20.4	82.8	6.8	110.0
Disposals	-	(0.4)	(4.3)	(4.7)
At 2 December 2012†	117.8	257.4	34.1	409.3
Accumulated depreciation and impairment				
At 28 November 2010	(11.1)	(69.6)	(11.3)	(92.0)
Charge for the period	(1.6)	(14.1)	(5.6)	(21.3)
Impairment	-	(0.1)	-	(0.1)
Disposals	-	0.5	3.0	3.5
At 27 November 2011	(12.7)	(83.3)	(13.9)	(109.9)
Charge for the period	(1.7)	(15.3)	(5.8)	(22.8)
Impairment	(0.8)	(0.2)	-	(1.0)
Disposals	-	0.4	4.3	4.7
At 2 December 2012	(15.2)	(98.4)	(15.4)	(129.0)
Net book value				
At 27 November 2011	84.7	91.7	17.7	194.1
At 2 December 2012	102.6	159.0	18.7	280.3

† Cost includes capitalised borrowing costs of £4.8 million (2011: £0.7 million). Borrowing costs are capitalised on specific borrowings which are wholly attributable to qualifying assets.

Of the current period impairment charge, £0.9 million has been included within exceptional costs (see Note 2.4).

The net book value of non-current assets held under finance leases is set out below:

	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Motor vehicles £m	Total £m
At 27 November 2011				
Cost	26.6	67.8	29.7	124.1
Accumulated depreciation and impairment	(12.0)	(38.5)	(12.3)	(62.8)
Net book value	14.6	29.3	17.4	61.3
At 2 December 2012				
Cost	26.9	69.6	33.4	129.9

Accumulated depreciation and impairment	(13.3)	(43.9)	(14.9)	(72.1)
Net book value	13.6	25.7	18.5	57.8

The movement in cost includes assets of £2.1 million (2011: £9.7 million) reclassified from owned assets to assets held under finance leases following asset based financing arrangements.

Included within property, plant and equipment is capital work-in-progress for land and buildings of £77.7 million (2011: £60.0 million) and capital work-in-progress for fixtures, fittings, plant and machinery of £80.0 million (2011: £35.2 million).

Property, plant and equipment with a net book value of £135.1 million (2011: £66.7 million) has been pledged as security for the secured loans (Note 4.1). Included in this amount is £120.9 million (2011: £57.2 million) relating to assets pledged as security for amounts already drawn down under the £100 million credit facility.

Section 4 - Capital structure and financing costs

4.1 Borrowings and finance leases

Borrowings

	Less than one year £m	Between one year and two years £m	Between two years and five years £m	Total £m
As at 27 November 2011				
Secured loans	3.3	3.2	42.6	49.1
Total borrowings	3.3	3.2	42.6	49.1
As at 2 December 2012				
Secured loans	2.6	10.1	81.2	93.9
Total borrowings	2.6	10.1	81.2	93.9

Secured loans

The secured loans outstanding at period end can be analysed as follows:

Principal amount £m	Inception	Secured over	Current interest rate	Instalment frequency	Final payment due	Carrying amount as at 2 December 2012 £m	Carrying amount as at 27 November 2011 £m
8.0	May-07	Property, plant and equipment	Clearing bank base rate + 3.0%	Quarterly	Feb-15	3.6	5.6
1.5	Dec-06	Freehold property	LIBOR + 2.75%	Quarterly	Feb-15	0.7	0.8
1.5	Feb-09	Freehold property	LIBOR + 2.75%	Quarterly	Feb-15	0.9	1.1
2.8	Dec-09	Freehold property	LIBOR + 3.5%	Quarterly	Jan-13	2.1	2.3
2.6	Jul-12	Freehold property	LIBOR + 2.75%	Quarterly	Jul-15	2.5	-
85.3	Jul-10	Property, plant and equipment	LIBOR + 3.5%	Note †	Jul-15	81.8	39.3
2.5	Jul-12	Property, plant and equipment	9.12% ††	Monthly	Jul-17	2.3	-
						93.9	49.1
Disclosed as:							
Current						2.6	3.3

Non-current	91.3	45.8
	93.9	49.1

† During the period the Group extended its £100 million credit facility for a further 18 months to 6 July 2015. The extended facility now comprises a capital facility of £90 million and a working capital revolving credit facility of £10 million. The margin on the facility has been amended to a variable rate of LIBOR plus between 3.0% and 4.0%, depending on the Group's net debt ratio. Capital repayments on the facility commence on 2 December 2013 and are payable quarterly thereafter. The carrying amount as at 2 December 2012 is net of unamortised transaction costs.

†† Calculated as the effective interest rate, the calculations of which includes an optional balloon payment and the end of the term.

Obligations under finance leases

	2 December 2012 £m	27 November 2011 £m
Obligations under finance leases due:		
Within one year	19.8	19.6
Between one and two years	11.5	18.2
Between two and five years	13.8	17.5
After five years	5.8	6.9
Total obligations under finance leases	50.9	62.2

	2 December 2012 £m	27 November 2011 £m
Minimum lease payments due:		
Within one year	22.2	23.1
Between one and two years	13.1	20.2
Between two and five years	16.0	20.0
After five years	6.4	7.9
	57.7	71.2
Less: future finance charges	(6.8)	(9.0)
Present value of finance lease liabilities	50.9	62.2
Disclosed as:		
Current	19.8	19.6
Non-current	31.1	42.6
	50.9	62.2

4.2 Analysis of net debt

(a) Net debt

	Notes	2 December 2012 £m	27 November 2011 £m
Current assets			
Cash and cash equivalents		89.6	92.1
Current liabilities			
Borrowings	4.1	(2.6)	(3.3)
Obligations under finance leases	4.1	(19.8)	(19.6)
		(22.4)	(22.9)

Non-current liabilities			
Borrowings	4.1	(91.3)	(45.8)
Obligations under finance leases	4.1	(31.1)	(42.6)
		(122.4)	(88.4)
Total net debt		(55.2)	(19.2)

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

	2 December 2012 £m	27 November 2011 £m
Net decrease in cash and cash equivalents	(2.6)	(32.8)
Exchange adjustments	0.1	0.3
Decrease in short-term investment	-	(30.0)
Net increase in debt and lease financing	(28.5)	(27.9)
Non-cash movements:		
- Assets acquired under finance lease	(7.5)	(9.3)
- Net movement in arrangement fees charged against loans	2.5	-
Movement in net debt in the period	(36.0)	(99.7)
Opening net (debt)/cash	(19.2)	80.5
Closing net debt	(55.2)	(19.2)

4.3 Finance income and costs

	53 weeks ended 2 December 2012 £m	52 weeks ended 27 November 2011 £m
Interest on cash balances and short-term investment	0.4	1.2
Other interest	-	-
Finance income	0.4	1.2
Borrowing costs		
- Obligations under finance leases	(3.1)	(4.1)
- Borrowings	(4.9)	(1.0)
Capitalised borrowing costs	4.1	0.6
Fair value movement in derivative financial instruments	(0.1)	(0.2)
Finance costs	(4.0)	(4.7)
Net finance costs	(3.6)	(3.5)

The current and prior period fair value movement on the derivative financial instruments arose from fair value adjustments on the Group's cash flow hedges.

4.4 Share capital and reserves

Share capital and reserves

The movements in the called up share capital and share premium accounts are set out below:

	Ordinary shares	Ordinary shares	Share premium

	Number of shares (million)	£m	£m
At 27 November 2011	558.3	11.2	213.8
Issues of ordinary shares	55.9	1.1	34.6
Ordinary shares issue cost	-	-	(1.0)
Allotted in respect of executive share ownership scheme	0.4	-	0.4
At 2 December 2012	614.6	12.3	247.8

On 26 November 2012, a total of 55,875,557 new ordinary shares with a nominal value of 2 pence each were admitted to listing at a price of 64 pence per share, raising gross proceeds of £35.8 million. These shares were fully paid and rank *pari passu* in all respects with the existing ordinary shares of the Company including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Included in the total number of ordinary shares outstanding above is 36,305,099 (2011: 36,305,099) ordinary shares held by the Group's employee benefit trust (see Note 4.4(a)). The ordinary shares held by the trustee of the Group's employee benefit trust pursuant to the joint share ownership scheme are treated as treasury shares in the Group's consolidated balance sheet in accordance with IAS 32 "Financial instruments: Presentation". These ordinary shares have voting rights but these have been waived by the trustee. The number of allotted, called up and fully paid shares, excluding treasury shares, at the end of each period differs from that used in the loss per share calculation in Note 2.3 as loss per share is calculated using the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

The movements in reserves other than share premium are set out below:

	Notes	Treasury shares reserve £m	Reverse acquisition reserve £m	Fair value reserve £m	Foreign currency translation reserve £m
At 27 November 2011		(53.8)	(116.2)	-	-
Reacquisition of interest in treasury shares	4.4(a)	(0.1)	-	-	-
Fair value movement on derivative financial instruments	4.4(b)	-	-	(0.7)	-
Translation of foreign subsidiary	4.4(b)	-	-	-	-
At 2 December 2012		(53.9)	(116.2)	(0.7)	-

(a) Treasury shares reserve

This reserve arose when the Group issued equity share capital under its JSOS, which is held in trust by the trustee of the Group's employee benefit trust. During the current period the Group's employee benefit trust acquired participant interests in 4,329,990 ordinary shares from participants who left the scheme, of which 2,953,675 were reallocated to new participants. Treasury shares cease to be accounted for as such when they are sold outside the Group or the interest is transferred in full to the participant pursuant to the terms of the JSOS. Participant interests in unexercised shares held by participants are not included in the calculation of treasury shares; unvested interests of leavers which have been reacquired by the Group's employee benefit trust during the period are now accounted for as treasury shares.

(b) Other reserves

The fair value reserve comprises gains and losses on movements in the Group's cash flow hedges, which consist of foreign currency and interest rate hedges.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of indirect foreign subsidiaries of the Company, Ocado Information Technology Limited and Ocado Polska Sp. z o.o. These companies are incorporated in Republic of Ireland and Poland respectively with functional currencies of the euro and the zloty.

Section 5 - Other notes

5.1 Related party transactions

Key management personnel
Only the Executive and Non-Executive Directors are deemed to be key management personnel. It is the Board who have responsibility for planning, directing and controlling the activities of the Group.

	2 December 2012 £m	27 November 2011 £m
Salaries and other short-term employee benefits	1.5	1.4
Share-based payments	0.1	0.1
	1.6	1.5

Other related party transactions with key management personnel made during the period related to the purchase of professional services and amounted to £8,000 (2011: £9,000). All transactions are on an arms length basis and no period end balances have arisen as a result of these transactions.

At the end of the period key management personnel owed the Group £27,000 (2011: £nil). The current period amount arose in periods before relevant directorships were obtained.

As part of the share placing in the period, the Company agreed to place, at 64 pence per share:

- 6,274,825 new ordinary shares with Hamilton Trust Company Limited as trustee for Apple II Trust (of which Jörn Rausing, a Director of the Company, is a beneficiary), a substantial shareholder of the Company;
- 1,732,142 new ordinary shares with Trident Trust Co (BVI) Limited as trustee of The Jason Gissing Life Settlement II (of which Jason Gissing, a Director of the Company, is a beneficiary); and
- 1,000,000 new ordinary shares with Arthur Seligman as trustee of the Steiner 2008 Millennium Trust (of which Tim Steiner, a Director of the Company, is a beneficiary).

For the purposes of the Listing Rules, each trustee noted above is an associate of the relevant Director of the Company.

In addition, an aggregate of 266,921 new ordinary shares were placed with Neill Abrams, Robert Gorrie, Michael Grade, Duncan Tatton-Brown and Ruth Anderson, all Directors of the Company.

No commissions were paid by the Company to placees in respect of the share placing.

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

Investment
The following transactions were carried out with Paneltex Limited, a company in which the Group holds a 25% interest:

	2 December 2012 £m	27 November 2011 £m
Purchase of goods		
- Plant and machinery	0.1	-
- Consumables	0.2	0.2
	0.3	0.2

Indirect transactions, consisting of the purchase of plant and machinery through some if the Group's finance lease counterpaties, were carried out with Paneltex Limited to the value of £3.0 million (2011: £3.7 million).

At period end, the Group owed Paneltex £23,000 (2011: £24,000).

5.2 Post balance sheet events

After the balance sheet date the Group's £2.8 million mortgage was extended for a further 3 years to 6 January 2016 at a rate of LIBOR plus 2.75%. At period end, the carrying value of this loan was £2.1 million.

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