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 S & U PLC
 22 September 2015

22 September

2015

S&U PLC

("S&U" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2015

S&U, Britain's foremost niche specialist finance provider today announces its interim results for the six months ended 31 July 2015.

Financial Highlights

- Profit before taxation from continuing operations up 32% to £8.8m (H1 14: £6.7m)
- Revenue from continuing operations up 20% to £20.4m (H1 14: £17.0m)
- Basic earnings per share from continuing operations up 32% to 58.3p (H1 14: 44.3p)
- Additional exceptional profit on disposal of Home Credit division of £50.5m in H1 15
- First interim dividend increased by 18% to 20p per ordinary share (2014: 17p) and exceptional additional dividend of £1.25 per share to be paid from the proceeds of the Home Credit division disposal

Operational Highlights

- Record profits at Advantage Finance at £9.7m (H1 14: £7.7m)
- Disposal of Home Credit division for proceeds of £82.5m
- Continued excellent collections and debt quality at Advantage Finance
- Strong net cash position for organic expansion and acquisitions

Anthony Coombs, Chairman of S&U, commented:

"The past six months has seen momentous change in the development of S&U. The sale of our traditional home credit business was both net asset enhancing and strategically desirable. It gives us a very strong base on which to continue to build Advantage Finance, our motor finance division and to explore other similar high growth areas of speciality finance."

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A presentation for analysts will be held at Smithfield Consultants, 10 Aldersgate St EC1A 4HJ at 11.am.

Chairman's Statement

The past six months have seen changes as significant and positive as any in S&U's 77 year history. Advantage Finance, our motor finance business based in Grimsby, has continued its impressive growth. Further, the decision to sell our traditional home credit division, as ratified by shareholders at the General Meeting, opens a vista of new opportunity for the Group whilst representing a break from an industry upon which the foundations of the Group were laid back in 1938.

Both in terms of its immediate effect and the opportunities it creates for expanding S&U, the disposal of the home credit business to Non Standard Finance plc ("NSF") is transformational. Whilst substantially increasing our net assets, it frees both capital and management to accelerate the growth of our existing motor finance business, to extend its activities into the SME motor market and also to investigate and invest in specialist finance businesses with growth potential.

Although prospects for world economic growth may have become more uncertain in the past six months, the election of the new government in May and the resulting clarity and direction of economic and financial policy bodes well for sustained growth in the U.K. This has recently at last been reflected in higher real incomes, a healthy labour market and a more pragmatic, although still rigorous, attitude towards financial regulation. All of these changes should have a positive effect upon our existing business and upon the speciality finance sector in which we propose to invest.

This half year saw Group profit before tax (including from discontinued operations) climb to £12.9m for the half year, a 14% increase on 2014. Whilst profit at Advantage Finance advanced by 26% on a year ago, profit in our former Home Credit division, Loansathome4U, fell to £4.1m, or 11% on a record 2014. As a result of the disposal, the profit attributable to our continuing operations is £8.8m against £6.7m last year an increase of 32%. Basic earnings per share on our continuing operations are therefore up 32% to 58.3p (H1 14: 44.3p); revenues from our continuing operations advanced by 20% to £20.4m, whilst net assets have risen strongly for the Group following the Home Credit division disposal.

Dividend

The Group's results and its future prospects justify an increase in our first interim dividend to 20p per ordinary share (2014: 17p). In addition, as foreseen in our recent Circular on the disposal of our Home Credit division, we will be paying an exceptional additional dividend of £1.25 per ordinary share.

This combined dividend of £1.45 per ordinary share will be paid on the 12th November 2015 to ordinary shareholders on the register on the 23rd October 2015.

The payment date for our second interim dividend this year will be 18th March 2016 and the payment date for our final dividend will be 8th July 2016.

Operational Review**Motor Finance**

Advantage Finance, our market leading motor finance business based in Grimsby, continues to go from strength to strength. Profit before tax is £9.7m (2014: £7.7m) an increase of 26%. Live customer numbers have reached over 27,500, an increase of 22% on a year ago. Despite a slight dip in new transactions earlier this year, deal volumes have now recovered strongly; indeed budgets for the year have now been revised above the growth originally envisaged.

Further investment has been made in Advantage's industry-leading under-writing capability. This should both widen customer reach and deepen our relationships with brokers. This has driven a record level of debt quality and a remarkable increase in monthly collections of 30% to an average of over £5.5m per month.

The planned withdrawal from the small number of remaining motor finance related insurance sales is now

being completed. This promotes an even more transparent and simple relationship with our customers, reflects our increasingly near prime customer base and allows further improvements in the quality of our customer service.

Finally, a further £11m has been invested in Advantage's development. This will continue, and indeed accelerate, in the second half of the financial year.

Home Credit Consumer Finance

Following the sale of this business it is appropriate to record the Group's appreciation for the loyalty, work ethic, customer service and consistent results the business has delivered over many years.

NSF has taken over Loansathome4U's application for a full Consumer Credit permission with the FCA. For a limited period S&U will provide transitional services, mainly IT, for the new company. We wish NSF and all who work in this business a successful and prosperous future.

Funding

Further investment in Advantage Finance offset by cash generated from the Home Credit division saw Group borrowing for the half year rise from £53.6m to £61.6m; gearing fell to 45% from 70% a year ago reflecting the increase in net assets of the Group. Following receipt of £82.5m proceeds for the disposal of the Home Credit division after the period end, the Group now has significant funds on deposit, whilst maintaining its borrowing from M&G and its available facilities from its other banking partners.

Current Trading and Outlook

Current trading is excellent and the Group has the appetite, resources and financial capability to continue its growth and development as one of Britain's most successful niche motor and specialist finance providers.

Anthony Coombs
Chairman
21 September 2015

INTERIM MANAGEMENT REPORT

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to S&U plc and its subsidiaries when viewed as a whole.

ACTIVITIES

The principal activity of the S&U plc Group (the "Group") continues to be that of specialist finance and in particular secured motor finance throughout England, Wales and Scotland. The principal activity of S&U plc Company (the "Company") is as holding company of the Group.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

A review of developments during the six months together with key performance indicators and future prospects is detailed in the Chairman's Statement. During the six months an unsolicited approach to purchase our Loansathome4u home credit business led the Board to reconsider the Group's future strategy. This purchase has been completed and on 4 August 2015 we have received £82.5m proceeds for this disposal which gives the Group the opportunity for further and faster expansion in Advantage and its Advantage SME vehicle loans product as well as the opportunity to explore other higher growth areas of specialist finance. These proceeds have in the short term either been placed on short term deposit with high quality counterparties, used to un-draw the Group's revolving credit facilities or invested in our motor finance business.

There are no significant post balance sheet events to report apart from the receipt and short term uses of the disposal proceeds mentioned above.

The Group's profit on ordinary activities after taxation from continuing operations was £6,926,000 (2014: £5,237,000) and from both continuing and discontinued operations was £60,617,000 including the profit on disposal of the home credit business (2014: £8,861,000). Dividends of £5,827,000 (2014: £4,736,000) were paid during the period.

The Directors recommend an interim dividend of 20.0p per share (2014: 17.0p). The directors also recommend an exceptional additional dividend of 125.0p per share payable from the proceeds of the home credit disposal and a combined dividend of 145.0p will therefore be paid on 12 November 2015 to shareholders on the register on 23 October 2015.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 11 of these financial statements.

SHARE OPTION SCHEMES

During the six months, under the S&U Plc 2010 Long-Term Incentive Plan ("LTIP"), options for 11,000 shares were awarded to certain key executives and will first be capable of exercise in 2018. 2,500 options were exercised and no options lapsed during the six months. As part of the exceptional circumstances arising due to the disposal of the home credit business it has been agreed that 13,000 options granted to certain key home credit executives who were leaving the Group will no longer be subject to the remaining retention requirement and in the case of 5,000 of these options would have the remaining performance criteria waived due to the exceptional circumstances. 241,835 share options are still held under this plan as at 31 July 2015 (31 July 2014: 269,835 options and 31 January 2015: 233,335 options).

During the six months no options lapsed and no options were awarded or exercised under the S&U Plc 2008 Discretionary Share Option Plan ("DSOP") resulting in 7,000 share options still held under this plan as at 31 July 2015 (31 July 2014: 8,450 options and 31 January 2015: 7,000 options).

In the six months to 31 July 2015 the charge for these future share-based payments was £343,000 (2014: £228,000).

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies in either the current or previous financial periods shown.

CHANGES IN CONTINGENCIES

There have been no significant changes in contingent assets or liabilities since 31 January 2015.

STATEMENT OF GOING CONCERN

After making enquiries and considering the principal risks and uncertainties set out below, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is involved in the provision of consumer credit through its secured motor finance subsidiary Advantage Finance and it is considered that the key material risk to which the Group is exposed is the credit risk inherent in amounts receivable from customers. This risk is principally controlled through our credit control policies supported by ongoing reviews for impairment. The Group is also subject to legislative and regulatory change within the consumer credit sector including the transfer of regulatory oversight to the FCA which took place on 1 April 2014 and this operational risk is managed through internal compliance procedures and close involvement with our trade organisation the Finance and Leasing Association. As required by the FCA, we are currently trading with interim permission and the regulator has notified Advantage that it will be required to submit its full application between 1 December 2015 and 29 February 2016. A detailed internal timetable is in place to ensure progress towards a successful application. On 7 July 2015 the business announced that it was disposing of its home credit business, Loansathome4U, for a cash consideration of £82.5m. Warranties and indemnities have been provided to the purchaser as part of this deal and a transitional services agreement is also in place. After due diligence by the purchaser the disposal was completed on 4 August 2015 and £82.5m

proceeds were received on that date.

Other operational risks which the Group faces include reputational issues relating to process, system or personnel failure and the Group manages these risks by ensuring sufficient expert resources and recovery plans are in place. The Group is a nationwide retail lender and individual exposures are for small amounts to many individual borrowers so concentration risk is low although it is recognised that because the Group only operates in the UK and in one form of lending (motor finance) there is an element of market concentration. The Group's activities also expose it to the financial risks of changes in interest rates and counter party risk on its deposits.

Anthony Coombs

Chairman

21 September 2015

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- a) the set of financial statements has been prepared in accordance with IAS 34;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Chris Redford

Company Secretary

21 September 2015

INDEPENDENT REVIEW REPORT TO S & U PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the 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.

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

Directors' responsibilities

The 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 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this 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 set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2015 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.

Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

21 September 2015

S&U PLC GROUP CONSOLIDATED INCOME STATEMENT Six months ended 31 July 2015

| | Note | Unaudited Six months ended 31.7.15 £'000 | Unaudited Six months ended 31.7.14 (1) £'000 | Audited Financial year ended 31.1.15 (1) £'000 |
|------------------------------|------|--|--|--|
| Continuing Operations | | | | |
| Revenue | 2 | 20,381 | 17,025 | 36,102 |
| Cost of sales | 3 | (7,053) | (6,233) | (12,537) |
| Gross profit | | 13,328 | 10,792 | 23,565 |
| Administrative expenses | | (3,454) | (3,426) | (7,120) |

| | | | | |
|---|---|---------------|--------------|---------------|
| Operating profit | | 9,874 | 7,366 | 16,445 |
| Finance costs (net) | | (1,107) | (705) | (1,680) |
| Profit before taxation | 2 | 8,767 | 6,661 | 14,765 |
| Taxation | 4 | (1,841) | (1,424) | (2,920) |
| Profit for the period from continuing operations | | 6,926 | 5,237 | 11,845 |
| Profit for the period from discontinued operations | 5 | 53,691 | 3,624 | 6,615 |
| Profit for the period | | 60,617 | 8,861 | 18,460 |
| Earnings per share | | | | |
| From continuing operations | | | | |
| Basic | 6 | 58.3p | 44.3p | 100.1p |
| Diluted | 6 | 57.6p | 43.7p | 99.0p |
| From continuing and discontinued operations | | | | |
| Basic | 6 | 510.3p | 75.0p | 156.0p |
| Diluted | 6 | 504.1p | 73.9p | 154.3p |

(1) restated to reflect the disposal of home credit which is now included above as discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited Six months ended 31.7.15 £000 | Unaudited Six months ended 31.7.14 £000 | Audited Financial year ended 31.1.15 £000 |
|--|---|---|---|
| Profit for the period | 60,617 | 8,861 | 18,460 |
| Other comprehensive income: | | | |
| Actuarial loss on defined benefit pension scheme | - | - | (13) |
| Total Comprehensive Income for the period | 60,617 | 8,861 | 18,447 |

Items above will not be reclassified subsequently to the Income Statement.

CONSOLIDATED BALANCE SHEET As at 31 July 2015

| | Note | Unaudited 31.7.15 £'000 | Unaudited 31.7.14 £'000 | Audited 31.1.15 £'000 |
|-----------------------------------|------|-------------------------------|-------------------------------|-----------------------------|
| ASSETS | | | | |
| Non current assets | | | | |
| Property, plant and equipment | | 1,090 | 2,449 | 2,406 |
| Amounts receivable from customers | 8 | 85,488 | 69,252 | 74,070 |
| Retirement benefit asset | | 20 | 20 | 20 |
| Deferred Tax | | 308 | 376 | 285 |
| | | 86,906 | 72,097 | 76,781 |
| Current assets | | | | |

| | | | | |
|-----------------------------------|---|-----------------|-----------------|-----------------|
| Inventories | | - | 108 | 59 |
| Amounts receivable from customers | 8 | 36,955 | 61,505 | 66,939 |
| Trade and other receivables | | 82,740 | 757 | 645 |
| Cash and cash equivalents | | 2 | 15 | 935 |
| | | <u>119,697</u> | <u>62,385</u> | <u>68,578</u> |
| Total assets | | <u>206,603</u> | <u>134,482</u> | <u>145,359</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowings | | (2,559) | (968) | - |
| Trade and other payables | | (1,595) | (3,141) | (2,684) |
| Tax liabilities | | (3,093) | (3,139) | (3,303) |
| Accruals and deferred income | | (3,309) | (2,523) | (2,958) |
| | | <u>(10,556)</u> | <u>(9,771)</u> | <u>(8,945)</u> |
| Non current liabilities | | | | |
| Borrowings | | (59,000) | (50,500) | (54,500) |
| Financial liabilities | | (450) | (450) | (450) |
| | | <u>(59,450)</u> | <u>(50,950)</u> | <u>(54,950)</u> |
| Total liabilities | | <u>(70,006)</u> | <u>(60,721)</u> | <u>(63,895)</u> |
| NET ASSETS | | | | |
| | | <u>136,597</u> | <u>73,761</u> | <u>81,464</u> |
| Equity | | | | |
| Called up share capital | | 1,685 | 1,679 | 1,685 |
| Share premium account | | 2,215 | 2,215 | 2,215 |
| Profit and loss account | | 132,697 | 69,867 | 77,564 |
| TOTAL EQUITY | | <u>136,597</u> | <u>73,761</u> | <u>81,464</u> |

These interim condensed financial statements were approved on behalf of the Board of Directors on 21 September 2015.

Signed on behalf of the Board of Directors

Anthony Coombs

Chris Redford

Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 July 2015

| | Called up share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | Total equity £'000 |
|---------------------------------------|--|--------------------------------------|-------------------------------------|--------------------------|
| At 1 February 2014 | 1,677 | 2,215 | 65,518 | 69,410 |
| Profit for six month period | - | - | 8,861 | 8,861 |
| Other comprehensive income for period | - | - | - | - |
| Total comprehensive income for period | - | - | 8,861 | 8,861 |
| Issue of new shares | 2 | - | - | 2 |

| | | | | |
|---------------------------------------|-------|-------|---------|---------|
| Cost of future share based payments | - | - | 228 | 228 |
| Tax charge on equity items | - | - | (4) | (4) |
| Dividends | - | - | (4,736) | (4,736) |
| At 31 July 2014 | 1,679 | 2,215 | 69,867 | 73,761 |
| Profit for six month period | - | - | 9,599 | 9,599 |
| Other comprehensive income for period | - | - | (13) | (13) |
| Total comprehensive income for period | - | - | 9,586 | 9,586 |
| Issue of new shares | 6 | - | - | 6 |
| Cost of future share based payments | - | - | 228 | 228 |
| Tax charge on equity items | - | - | (119) | (119) |
| Dividends | - | - | (1,998) | (1,998) |
| At 31 January 2015 | 1,685 | 2,215 | 77,564 | 81,464 |
| Profit for six month period | - | - | 60,617 | 60,617 |
| Other comprehensive income for period | - | - | - | - |
| Total comprehensive income for period | - | - | 60,617 | 60,617 |
| Issue of new shares | - | - | - | - |
| Cost of future share based payments | - | - | 343 | 343 |
| Tax charge on equity items | - | - | - | - |
| Dividends | - | - | (5,827) | (5,827) |
| At 31 July 2015 | 1,685 | 2,215 | 132,697 | 136,597 |

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 31 July 2015

| | Note | Unaudited Six months ended 31.7.15 £'000 | Unaudited Six months ended 31.7.14 £'000 | Audited Financial Year ended 31.1.15 £'000 |
|---|------|--|--|--|
| Net cash used in operating activities | 9 | (3,173) | (13,569) | (13,404) |
| Cash flows from/(used in) investing activities | | | | |
| Proceeds on disposal of property, plant and equipment | | 1,657 | 6 | 34 |
| Purchases of property, plant and equipment | | (649) | (817) | (1,130) |
| Net cash from/(used in) investing activities | | 1,008 | (811) | (1,096) |
| Cash flows from financing activities | | | | |
| Dividends paid | | (5,827) | (4,736) | (6,734) |
| Issue of new shares | | - | 2 | 8 |
| Receipt of new borrowings | | 4,500 | 20,500 | 30,000 |
| Repayment of borrowings | | - | - | (5,500) |
| Increase/(decrease) in overdraft | | 2,559 | (1,383) | (2,351) |
| Net cash from financing activities | | 1,232 | 14,383 | 15,423 |
| Net (decrease)/increase in cash and cash equivalents | | (933) | 3 | 923 |
| Cash and cash equivalents at the beginning of the period | | 935 | 12 | 12 |

| | | | |
|---|---|----|-----|
| Cash and cash equivalents at the end of the period | 2 | 15 | 935 |
| Cash and cash equivalents comprise | | | |
| Cash and cash in bank | 2 | 15 | 935 |

NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2015

1. ACCOUNTING POLICIES

1.1 General Information

S&U plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in note 12 which is also the Group's principal business address. All operations are situated in the United Kingdom.

1.2 Basis of preparation and accounting policies

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the Group's latest annual audited financial statements. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the six months ended 31 July 2015.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption). There were no standards and interpretations which were effective for the first time during the six months ended 31 July 2015 and which would materially affect these interim financial statements.

2. ANALYSES OF REVENUE AND PROFIT BEFORE TAXATION

All revenue is generated in the United Kingdom. Analyses by class of business of revenue and profit before taxation are stated below:

| Class of business | Six months ended | Revenue Six months ended | Financial year ended |
|-----------------------|------------------|-----------------------------|----------------------|
| | 31.7.15 £'000 | 31.7.14 £'000 | 31.1.15 £'000 |
| Continuing Operations | | | |
| Motor finance | 20,381 | 17,025 | 36,102 |
| Revenue | <u>20,381</u> | <u>17,025</u> | <u>36,102</u> |

| Class of business | Profit before taxation | | |
|-------------------|------------------------|------------------|----------------------|
| | Six months ended | Six months ended | Financial year ended |
| | 31.7.15 £'000 | 31.7.14 £'000 | 31.1.15 £'000 |
| | | | |

| | | | |
|---|---------------------|---------------------|----------------------|
| Continuing Operations | | | |
| Motor finance | 9,685 | 7,665 | 16,715 |
| Central costs net of central finance income | (918) | (1,004) | (1,950) |
| | <u>8,767</u> | <u>6,661</u> | <u>14,765</u> |
| Profit before taxation | <u><u>8,767</u></u> | <u><u>6,661</u></u> | <u><u>14,765</u></u> |

NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2015

3. COST OF SALES

| | Six months ended 31.7.15 £'000 | Six months ended 31.7.14 £'000 | Financial year ended 31.1.15 £'000 |
|---|---|---|---|
| Continuing Operations | | | |
| Loan loss provisioning charge - motor finance | 3,205 | 2,414 | 5,863 |
| Other cost of sales | 3,848 | 3,819 | 6,674 |
| Cost of sales | <u>7,053</u> | <u>6,233</u> | <u>12,537</u> |

4. TAXATION

The tax charge for the period has been calculated by applying the estimated effective tax rate for the year of 21.0% (31 July 2014: 21.4% and 31 January 2015: 19.8%) to the profit before taxation for the six months.

5. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

On 7 July 2015 the Group entered into a sale agreement to dispose of its Loansathome4u home credit business including the subsidiary company SD Taylor Ltd. The disposal gives the Group an opportunity for further and faster expansion in Advantage and its Advantage SME vehicle loans product as well as an opportunity to explore other higher growth areas of specialist finance. The disposal proceeds were received on 4 August 2015.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows;

| | Unaudited Six months ended 31.7.15 £'000 | Unaudited Six months ended 31.7.14 £'000 | Audited Financial year ended 31.1.15 £'000 |
|---|--|--|--|
| Revenue | 17,191 | 17,675 | 38,298 |
| Loan loss provision for consumer credit | (3,646) | (3,649) | (8,418) |
| Other cost of sales | (113) | (312) | (2,578) |
| Administrative expenses | (9,340) | (9,108) | (18,893) |
| Finance costs (net) | - | - | - |
| Profit before taxation | 4,092 | 4,606 | 8,409 |
| Attributable Taxation | (852) | (982) | (1,794) |
| Profit after Taxation | 3,240 | 3,624 | 6,615 |
| Profit on disposal of discontinued operations | 50,531 | - | - |
| Attributable Taxation | (80) | - | - |
| Profit for the period from discontinued operations | 53,691 | 3,624 | 6,615 |

As shown above a profit of £50.5m arose on the disposal being the difference between the disposal proceeds of £82.5m and the carrying value of the disposed home credit assets less anticipated transaction costs.

During the six months Loansathome4u contributed £7.8m to the group's operating cash flows (six months to 31.7.14 £6.5m; year to 31.1.15 £6.8m).

NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2015

6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on profit for the period from continuing operations of £8,767,000 (period ended 31 July 2014: £6,661,000 and year ended 31 January 2015: £14,765,000).

The calculation of earnings per ordinary share from continuing and discontinued operations is based on profit for the period of £60,617,000 (period ended 31 July 2014: £8,861,000 and year ended 31 January 2015: £18,460,000).

The number of shares used in the basic calculation is the average number of ordinary shares in issue during the period of 11,879,110 (period ended 31 July 2014: 11,819,723 and year ended 31 January 2015: 11,834,570).

For diluted earnings per share the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares relating to our share option scheme awards.

7. DIVIDENDS

A second interim dividend of 19.0p per ordinary share and a final dividend of 30.0p per ordinary share for the financial year ended 31 January 2015 were paid during the six month period to 31 July 2015 (total of 49.0p per ordinary share). This compares to a second interim dividend of 16.0p per ordinary share and a final dividend of 24.0p per ordinary share for the financial year ended 31 January 2014 which was paid during the 6 months period to 31 July 2014 (total of 40.0p per ordinary share). During the twelve months to 31 January 2015 total dividends of 57.0p per ordinary share were paid. These distributions are shown in the consolidated statement of changes in equity in this interim financial information.

The directors have also declared an interim dividend of 20.0p per share (2014: 17.0p per share) and an exceptional additional ordinary dividend of 125.0p per share (2014: nil). This combined dividend, which amounts to approximately £17,255,000 (July 2014: £2,012,000), will be paid on 12 November 2015 to shareholders on the register at 23 October 2015. The shares will be quoted ex dividend on 22 October 2015. The interim financial information does not include this proposed dividend as it was declared after the balance sheet date.

8. ANALYSIS OF AMOUNTS RECEIVABLE FROM CUSTOMERS

All operations are situated in the United Kingdom.

| | Amounts Receivable | | |
|---|--------------------------|--------------------------|------------------------------|
| | Six months ended 31.7.15 | Six months ended 31.7.14 | Financial year ended 31.1.15 |
| Class of business | £'000 | £'000 | £'000 |
| Consumer credit, rentals and other retail trading | - | 50,550 | 52,979 |
| Motor finance | 144,451 | 118,630 | 127,740 |
| | <u>144,451</u> | <u>169,180</u> | <u>180,719</u> |
| Less: Loan loss provision for consumer credit | - | (17,913) | (18,357) |
| Less: Loan loss provision for motor finance | (22,008) | (20,510) | (21,353) |
| Amounts receivable from customers total (net) | <u>122,443</u> | <u>130,757</u> | <u>141,009</u> |
| Analysed as:- due within one year | 36,955 | 61,505 | 66,939 |
| - due in more than one year | 85,488 | 69,252 | 74,070 |
| Amounts receivable from customers total (net) | <u>122,443</u> | <u>130,757</u> | <u>141,009</u> |

NOTES TO THE INTERIM STATEMENTS**Six months ended 31 July 2015****9. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW USED IN OPERATING ACTIVITIES**

| | Six months ended 31.7.15 £'000 | Six months ended 31.7.14 £'000 | Financial year ended 31.1.15 £'000 |
|--|---|---|---|
| Operating Profit | 64,497 | 11,972 | 24,854 |
| Finance costs paid | (1,107) | (705) | (1,681) |
| Finance income received | - | - | 1 |
| Tax paid | (3,006) | (1,985) | (4,157) |
| Depreciation on plant, property and equipment | 298 | 291 | 603 |
| Loss on disposal on plant, property and equipment | 10 | 3 | 19 |
| Decrease/(increase) in amounts receivable from customers | 18,566 | (23,746) | (33,998) |
| Decrease in inventories | 59 | 28 | 77 |
| Increase in trade and other receivables | (82,095) | (260) | (148) |
| (Decrease)/increase in trade and other payables | (1,089) | 588 | 131 |
| Increase in accruals and deferred income | 351 | 17 | 452 |
| Increase in cost of future share based payments | 343 | 228 | 456 |
| Decrease in retirement benefit obligations | - | - | (13) |
| Cash flow used in operating activities | <u>(3,173)</u> | <u>(13,569)</u> | <u>(13,404)</u> |

Operating profit in the six months ended 31 July 15 includes profit before tax on discontinued operations - note 5.

10. BORROWINGS

Movements in our loans and overdrafts for the respective periods are shown in the consolidated cash flow statement. As expected cash used in operating activities was lower in the six months to July 2015 than in the same period last year reflecting increased motor finance collections on the increased receivables. After the balance sheet date S&U plc has received over £82m disposal proceeds for the sale of its home credit business Loansathome4u which, after settling transaction fees, in the short term it has placed on deposit with highly rated counterparties or has used to un-draw its revolving credit facilities. S&U plc has retained its £40m revolving credit facilities due to mature in 2018 and its £30m term loan facility £15m of which is due to mature in 2021 and £15m in 2022.

11. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this report. During the six months the Group made charitable donations amounting to £21,000 (6 months to July 2014: £16,300; year to January 2015: £51,000) via the Keith Coombs Trust which is a related party because Messrs GDC Coombs, AMV Coombs, D Markou and CH Redford are trustees. The amount owed to the Keith Coombs Trust at the half year end was £nil (July 2014: £nil; January 2015 £nil). During the six months the Group obtained supplies amounting to £nil (6 months to July 2014: £4,870; year to January 2015: £4,870) from Grevayne Properties Limited, a company which is a related party because Messrs GDC and AMV Coombs are directors and shareholders. The amount owed to Grevayne Properties Limited at the half year end was £nil (July 2014: £4,870; January 2015 £nil). All related party transactions were settled in full.

12. INTERIM REPORT

The information for the year ended 31 January 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. A copy of this Interim Report will be made available to all our shareholders and to the public on our website at www.suplc.co.uk and at the Company's registered office at 6 The Quadrangle, Cranmore Avenue, Solihull B90 4LE.

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