30 August 2017

HSS Hire Group plc

Interim report: Half year results for the 26 week period ended 1 July 2017

HSS Hire Group plc ("HSS" or the "Group") today announces results for the 26 week period ended 1 July 2017.

Financial Highlights	H1 2017 (26 weeks)	H1 2016 (27 weeks)	Change
Revenue	**£160.5m**	£166.2m	(3.4%)
Adjusted EBITDA[1]	**£17.1m**	£32.1m	(46.7%)
Adjusted EBITA[2]	**(£7.3m)**	£9.4m	(£16.7m)
Adjusted EBITA margin	**(4.5%)**	5.7%	(10.2pp)
Adjusted (loss) / profit before tax	**(£14.2m)**	£2.2m	(£16.4m)
Adjusted earnings per share	**(6.74p)**	1.13p	(7.87p)
Interim dividend	**-**	0.57p	(0.57p)
Reported loss before tax	**(£30.1m)**	(£7.8m)	(£22.3m)
Reported loss per share	**(17.81p)**	(5.34p)	(12.47p)

Trading and Operational Highlights

- **As expected, H1 profitability impacted by substantial operating model changes in Group**
- **Improving performance trend through second quarter:**
    - Underlying revenue growth achieved in Q2 on comparable 13 week basis after adjusting for impact of branch closures
    - Improving Rental revenue trend as sales initiatives gained traction with target customers
    - Adjusted EBITDA and EBITA for Q2 17 ahead of Q1 17 run rate
- **Continued strength in Services (+8%) and Key Accounts (+11.6%) during H1 17**
- **On track to deliver annualised cost savings:**
    - Targeting annualised cost savings of c. £13m compared to Q1 run rate
    - Majority of cost actions implemented by end of Q2, with remainder in Q3
- **New operating model delivering planned improvements:**
    - Enhanced fleet availability has led to Net Promoter Score improving to 47 (H1 16: 42)
    - Improved capital efficiency will enable reduction of £4m - £6m in capex year on year
    - LTM[3] fleet utilisation remains high: 49% in Core and 72% in Specialist, notwithstanding the disruption resulting from the operating model change programme
    - Continued focus on working capital management with facility and cash headroom of £35m as at 1 July 2017

Current Trading and Outlook

- Year on year revenue growth on both underlying and reported basis for first 8 weeks of Q3 17, however at a materially lower level of improvement than expected at the start of H2
- Sales and cost initiatives have improved Adjusted EBITDA and EBITA in July and August but we now expect H2 Adjusted EBITA profit to be in the range of £8m to £11m
- Detailed strategic review commenced to drive profitable market share gains with update to be presented in November 2017

Explanatory Notes:

1) *Adjusted EBITDA is defined as operating profit before depreciation, amortisation, and exceptional items. For this purpose depreciation includes the net book value of hire stock losses and write offs, and the net book value of other fixed asset disposals less the proceeds on those disposals.*
2) *Adjusted EBITA defined as Adjusted EBITDA less depreciation*
3) *Utilisation calculated over the last twelve months to the end of H1 2017*

Steve Ashmore, Chief Executive Officer, said:

"While significant operational change was achieved during H1 17, both Rental revenue growth and the cost base were temporarily impacted leading to reduced profitability.

"We are facing into these challenges by taking decisive action to reinvigorate Rental revenue growth through the implementation of new sales initiatives and by rolling-out cost actions that will deliver annualised cost savings of c. £13m, a number of which are enabled by the recent investment in our centralised engineering and distribution capability. As a result of these actions the Group returned to profitability in June with revenue in growth for the first 8 weeks of Q3 17 and this momentum will result in a stronger H2 relative to H1 performance leading to a healthier exit rate as we head into 2018.

"Whilst the rate of recovery in our Rental revenues has been positive, it has been materially slower than originally targeted leading to lower than expected profitability over this period. On this basis we expect H2 Adjusted EBITA profit to be in the range of £8m to £11m.

"The new leadership team is currently conducting a thorough review of the Group's strategy to gain profitable share in what remains an attractive and fragmented market. We will update the market on the outcome of this process during Q4 17."

Results presentation

Management will be hosting a presentation for analysts at 9.00 a.m. BST today at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, EC2M 5SY.

Analysts/investors unable to attend in person may join the meeting by conference call by dialling in on +44 (0) 20 3003 2666. Password: HSS Hire. A copy of the presentation will be available this morning at www.hsshiregroup.com/investor-relations/financial-results/.

A separate conference call discussing the results of Hero Acquisitions Limited will be held for holders of Senior Secured Notes at 2.00 p.m. BST today. Details for this call and an accompanying presentation will be made available at www.hsshiregroup.com/investor-relations/senior-secured-notes/.

For further information, please contact:

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Notes to editors

HSS Hire Group plc provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of over 250 locations. Focusing primarily on the maintain and operate segments of the market, over 90% of its revenues come from business customers. HSS is listed on the Main Market of the London Stock Exchange. For more information please see www.hsshiregroup.com.

Progress against strategic priorities

The Group has historically focused on three strategic priorities. The progress against each in H1 17 is detailed in the table below.

Strategic priority	**Progress in H1 17**

Optimise distribution and branch network	• Completed roll in of Scotland to central engineering and distribution model
	• Actions taken to right size network:
	  ○ 37 underperforming branches closed in Q1
	  ○ 13 further branches closed at end of Q2
	  ○ Fleet and colleagues re-deployed across network
	• Re-profiling of stock across network, reduction in offline hire fleet and improved fulfilment performance is driving enhanced fleet availability
	• Cost actions implemented in late Q2 and early Q3 to deliver annualised cost savings of c. £13m

Win new, and deepen existing, customer relationships	• 11.6% growth in Key Accounts revenue • Majority of growth from existing Key Accounts (+11%) • Average number of account customers in period up 1% • Customer experience further improved. Net Promoter Score of 47, significantly above the TNS B2B Benchmark[1] average of 27
Continued development and growth of our specialist businesses	• Revenue performance impacted by consolidation of Specialist brand sales team into core team in H1 16 • Specialist brand specific sales teams reinstated, with early positive signs in revenues

1) *Kantar TNS Benchmark data comes from Business to Business studies. The sectors included in the benchmark are Manufacturing (e.g. durables, consumer goods, investment goods, other manufacturing industry), Service providers (e.g. logistics, call centres, leasing, consulting), Utilities (e.g. water, gas, electricity)*

The new leadership team is currently reviewing these strategic priorities and will provide an update to the market in Q4 17.

Group financial performance

Revenue

Revenue in H1 17 was £160.5m, 3.4% below H1 16 (£166.2m). This decline year on year reflects an additional week of trading in H1 16, the targeted closure of 68 branches in the last 12 months and weaker performance in our Rental revenues, impacted by the Group's operating model change in 2016 and early 2017. On an underlying basis, adjusting for the 53rd week and the branch closures, revenues are broadly flat, with marginal growth year on year within Q2.

Rental and related revenues were £119.3m in H1 17, £9.5m or 7.3% lower than in H1 16 reflecting the factors outlined above. Sales initiatives implemented in March 2017 have delivered revenue growth in core markets and further work is underway to extend these initiatives into more markets. Contribution was £73.9m, representing a 61.9% margin. This is lower than H1 16 (£86.7m, 67.4% margin) due to growth in our cost of sales (excluding depreciation) and parallel running costs relating to our operating model change, primarily in Q1 17, which contributed to higher distribution and stock maintenance costs.

Services revenues were £41.3m in H1 17, reflecting continued growth in our OneCall and Training businesses. Contribution of £5.2m was in line with H1 16 albeit at a lower margin of 12.6% (H1 16: 13.9% margin) reflecting changes to the customer mix, including the annualisation of a large managed service provider ("MSP") contract and investment in the operating costs of OneCall and Training to support continued and future growth.

Key Accounts, which contribute to both Rental and related and Services revenues grew 11.6% to £73.4m from £65.8m in H1 16. Growth amongst our existing Key Account customers was particularly pleasing and accounted for the majority of this growth year on year.

Costs

Cost of sales grew by £3.3m to £76.0m (H1 16: £72.7m) principally due to higher depreciation charges and growth in our rehire revenues and associated costs. Administrative expenses grew by £12.0m to £84.9m (H1 16: £72.9m), with £9.9m of this increase due to growth in exceptional administrative expenses.

Gross exceptional costs in H1 17 were £13.2m, including £2.0m of costs to support the cost actions implemented in Q2 17 and £11.2m which relate to onerous leases on branch closures in the period and the associated impairment of certain property, plant and equipment. In H1 16, exceptional costs were £7.1m, of which £5.9m related to the NDEC start-up costs and £1.3m related to onerous leases. In both years exceptional income comprised £0.5m related to fully or sub-let non-trading stores.

Net finance expenses were £0.3m lower at £6.9m (H1 16: £7.2m) reflecting the lower number of trading weeks within H1 17.

Profitability

As expected, Adjusted EBITDA of £17.1m in H1 17 was £15.0m lower than in H1 16 (£32.1m), reflecting lower revenue in the period, particularly the higher margin rental and related revenues which were 6.8% lower year on year, together with parallel running costs through Q1 17. As previously reported initiatives designed to deliver cost savings of c. £13m on an annualised basis compared to our Q1 17 cost run rate have been implemented toward the end of Q2 17.

Adjusted EBITA declined from £9.4m in H1 16 to a loss of £7.3m in H1 17, with the margin declining to (4.5%) (H1 16: +5.7%). This also reflects the revenue and cost profile through H1 17 as described above together with an increase in depreciation year on year. The Adjusted EBITA margin of (3.5%) in Q2 17 represents an improvement from Q1 17 when the EBITA margin was (5.6%) with the intra year improvement due to sales growth and the planned cost actions.

Loss before tax increased to £30.1m, from £7.8m in H1 16, reflecting weaker revenue performance year on year, together with the increase in cost of sales and exceptional costs.

The basic and diluted loss per share increased from 5.34p in H1 16 to 17.81p in H1 17, reflecting the increased loss before tax within H1 17.

The adjusted basic and diluted earnings per share moved from earnings of 1.13p per share in H1 16 to a loss per share of 6.74p in H1 17. This reflects the move from an adjusted profit before tax in H1 16 to an adjusted loss before tax in H1 17, partially offset by the increase in the weighted average number of shares between the two periods as a result of the share placing completed in December 2016.

Net debt

Net debt at 1 July 2017 was £230.6m, £8.2m lower than H1 16 reflecting the continued focus on working capital management and £11.2m higher than at the 2016 year end reflecting the traditionally cash consumptive H1 profile of the Group. Headroom in the Group's facilities including net cash was £35.4m (H1 16: £22.1m).

Dividend

The Board remains focused on reducing net debt and moving toward a position of profitability. After careful consideration of the performance of the business in H1 17 and its existing net debt position the Board believe it is in the best interests of shareholders to not pay an interim dividend.

Risks and uncertainties

The principal risks and uncertainties that could have a material impact upon the Group's performance over the remaining 26 weeks of the 2017 financial year have not changed significantly from those described in the Group's 2016 Annual Report and are summarised in note 15 of this interim report.

Responsibility Statement

We confirm to the best of our knowledge that:

(a) the condensed interim set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;

(b) the Interim 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 Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Steve Ashmore

Director

30 August 2017

Unaudited condensed consolidated income statement

	Note	**26 weeks ended 1 July 2017 £000s**	*Restated* 53 weeks ended 31 December 2016 £000s	27 weeks ended 2 July 2016 £000s
Revenue	3	**160,538**	342,410	166,229
Cost of sales		**(76,000)**	(145,232)	(72,723)
Gross profit		**84,538**	197,178	93,506
Distribution costs		**(23,423)**	(45,091)	(21,775)
Administrative expenses		**(84,866)**	(155,969)	(72,873)
Other operating income	4	**525**	1,151	528
Operating loss		**(23,226)**	(2,731)	(614)
Adjusted EBITDA(1)	3, 16	**17,095**	68,638	32,101
Less: Adjusted depreciation (1)		**(24,394)**	(48,175)	(22,703)
Adjusted EBITA(1)	16	**(7,299)**	20,463	9,398
Less: Exceptional items	4	**(12,643)**	(16,957)	(7,067)
Less: Amortisation(1)		**(3,284)**	(6,237)	(2,945)
Operating loss		**(23,226)**	(2,731)	(614)
Net finance expense	5	**(6,915)**	(14,686)	(7,207)
Loss before tax		**(30,141)**	(17,417)	(7,821)
Adjusted (loss)/ profit before tax		**(14,214)**	5,777	2,191
Less: Exceptional items	4	**(12,643)**	(16,957)	(7,067)
Less: Amortisation	8	**(3,284)**	(6,237)	(2,945)
Loss before tax		**(30,141)**	(17,417)	(7,821)
Taxation		**(175)**	104	(438)
Loss for the financial period		**(30,316)**	(17,313)	(8,259)
(Loss)/profit per share				
Basic and diluted loss per share	6	**(17.81)**	(11.18)	(5.34)
Adjusted basic (loss)/ earnings per share(2)	6	**(6.74)**	2.98	1.13
Adjusted diluted (loss)/ earnings per share(2)	6	**(6.74)**	2.94	1.13

(1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, and exceptional items. For this purpose depreciation includes the net book value of hire stock losses and write offs, and the net book value of other fixed asset disposals less the proceeds on those disposals. Adjusted EBITA is defined as operating profit before amortisation and exceptional items

(2) Adjusted earnings per share is defined as profit before tax with amortisation and exceptional costs added back less tax at the prevailing rate of corporation tax divided by the weighted average number of ordinary shares.

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of comprehensive income

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	*Restated* 27 weeks ended 2 July 2016
	£000s	£000s	£000s
Loss for the financial period	**(30,316)**	(17,313)	(8,259)
Items that may be reclassified to profit or loss:			
Foreign currency translation differences arising on consolidation of foreign operations	**144**	1,533	1,326
Other comprehensive loss for the period, net of tax	**144**	1,533	1,326
Total comprehensive loss for the period	**(30,172)**	(15,780)	(6,933)

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of financial position

	Note	1 July 2017 £000s	Restated 31 December 2016 £000s	2 July 2016 £000s
ASSETS				
Non-current assets				
Intangible assets	8	**177,277**	178,755	179,614
Property, plant and equipment	9	**161,945**	178,473	187,682
Deferred tax assets		**532**	780	1,282
		339,754	358,008	368,578
Current assets				
Inventories		**7,817**	7,898	8,887
Trade and other receivables	10	**97,874**	103,744	103,387
Cash		**7,070**	15,211	2,255
		112,761	126,853	114,529
Total assets		**452,515**	484,861	483,107
LIABILITIES				
Current liabilities				
Trade and other payables	11	**(83,209)**	(89,150)	(84,652)
Borrowings	12	**(68,500)**	(66,000)	(68,083)
Provisions	13	**(6,236)**	(6,431)	(4,462)
Current tax liabilities		**(500)**	(501)	(520)
		(158,445)	(162,082)	(157,717)
Non-current liabilities				
Trade and other payables	11	**(17,185)**	(17,266)	(21,585)
Borrowings	12	**(133,733)**	(133,212)	(132,717)
Provisions	13	**(12,032)**	(10,712)	(11,059)
Deferred tax liabilities		**(7,911)**	(8,203)	(9,549)
		(170,861)	(169,393)	(174,910)
Total liabilities		**(329,306)**	(331,475)	(332,627)
Net assets		**123,209**	153,386	150,480
EQUITY				
Share capital		**1,702**	1,702	1,548
Merger reserve		**97,780**	97,780	85,376
Retained earnings		**23,727**	53,904	63,556
Total equity attributable to owners of the group		**123,209**	153,386	150,480

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of changes in equity

	Note	Share capital £000s	Merger reserve £000s	Retained earnings £000s	Total equity £000s
At 31 December 2016		1,702	97,780	53,904	153,386
Total comprehensive loss for the period					
Loss for the period		-	-	(30,316)	(30,316)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	144	144
Total comprehensive loss for the period		-	-	(30,172)	(30,172)
Transactions with owners recorded directly in equity					
Share based payment		-	-	(5)	(5)
At 1 July 2017		**1,702**	**97,780**	**23,727**	**123,209**

	Note	Share capital £000s	Merger reserve £000s	Retained earnings £000s	Total equity £000s
At 26 December 2015		1,548	85,376	71,345	158,269
Loss for the period		-	-	(8,259)	(8,259)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	1,326	1,326
Total comprehensive loss for the period		-	-	(6,933)	(6,933)
Transactions with owners recorded directly in equity					
Dividends paid	7	-	-	(882)	(882)
Share based payment		-	-	26	26
At 2 July 2016 (restated)		1,548	85,376	63,556	150,480

	Note	Share capital £000s	Merger reserve £000s	Retained earnings £000s	Total equity £000s
At 26 December 2015		1,548	85,376	71,345	158,269
Loss for the period		-	-	(17,313)	(17,313)
Foreign currency translation differences arising on consolidation of foreign operations		-	-	1,533	1,533
Total comprehensive loss for the period		-	-	(15,780)	(15,780)
Transactions with owners recorded directly in equity					
New share issue for cash		154	12,800	-	12,954
Share issue costs		-	(396)	-	(396)
Dividends paid	7	-	-	(1,764)	(1,764)
Share based payment		-	-	103	103
At 31 December 2016		1,702	97,780	53,904	153,386

The notes form part of these condensed consolidated financial statements

Unaudited condensed consolidated statement of cash flows

			Restated
Cash flows from operating activities	**26 weeks ended 1 July 2017 £000s**	53 weeks ended 31 December 2016 £000s	27 weeks ended 2 July 2016 £000s
Loss before tax	**(30,141)**	(17,417)	(7,821)
Adjustments for:			
– Amortisation	**3,284**	6,237	2,945
– Depreciation	**18,894**	37,729	18,103
– Net book value of hire stock losses and write offs	**5,500**	9,762	4,485
– Impairment of property, plant and equipment	**6,225**	-	-
– Loss on disposal of other fixed assets	**-**	684	115
– Share based payment	**(5)**	103	26
– Net finance expense	**6,915**	14,686	7,207
– Inventories	**81**	1,197	208
– Trade and other receivables	**5,853**	(5,717)	(5,802)
– Trade and other payables	**(3,350)**	2,571	(2,628)
– Provisions	**984**	(1,187)	(1,505)
Net cash flows from operating activities before changes in hire equipment	**14,240**	48,648	15,333
Purchase of hire equipment	**(11,852)**	(22,085)	(14,060)
Cash generated from operating activities	**2,388**	26,563	1,273
Net interest paid	**(6,884)**	(12,974)	(6,394)
Tax paid	**(219)**	(373)	(113)
Net cash (utilised)/ generated from operating activities	**(4,715)**	13,216	(5,234)
Cash flows from investing activities			
Purchases of non hire property, plant, equipment and software	**(4,114)**	(16,804)	(8,011)
Net cash used in investing activities	**(4,114)**	(16,804)	(8,011)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital	**-**	12,954	-
Share issue costs	**(226)**	(170)	-
Proceeds from borrowings	**3,500**	31,000	26,000
Repayments of borrowings	**(1,000)**	(11,000)	(5,000)
Cash received from refinancing hire stock	**5,030**	-	-
Capital element of finance lease payments	**(6,616)**	(12,498)	(6,860)
Dividends paid	**-**	(1,764)	-
Net cash received from financing activities	**688**	18,522	14,140
Net (decrease)/ increase in cash	**(8,141)**	14,934	895
Cash at the start of the period	**15,211**	277	277
Cash at the end of the period	**7,070**	15,211	1,172

The notes form part of these condensed consolidated financial statements.

Notes forming part of the condensed consolidated financial statements

1. General information

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of the registered office is 25 Willow Lane, Mitcham, Surrey, CR4 4TS.

The condensed consolidated financial statements as at, and for the 26 weeks ended 1 July 2017 comprise the Company and its subsidiaries ('the Group').

The Group is primarily involved in providing tool and equipment hire and related services in the United Kingdom and the Republic of Ireland.

The condensed consolidated financial statements were approved for issue by the Board on 29 August 2017.

The condensed consolidated financial statements do not comprise Statutory Accounts within the meaning of Section 434 of the Companies Act 2006. The comparative financial information for the 27 weeks ended 2 July 2016, and the 53 weeks ended 31 December 2016, do not constitute statutory accounts for those periods, respectively. Statutory Accounts for the year ended 31 December 2016 were approved by the Board on 5 April 2017 and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matter by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated financial statements for the 26 weeks ended 1 July 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and relevant International Financial Reporting Standards ('IFRS') as adopted by the European Union (including IAS 34 - Interim Financial Reporting). The condensed consolidated financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2016, which were prepared in accordance with IFRS as adopted by the European Union.

The accounting policies, and judgements and estimates, applied in the condensed consolidated financial statements are consistent with those set out in the Group's Annual Report and Accounts for the year ended 31 December 2016. There are no new IFRS or IFRIC Interpretations that are effective for the first time for this interim period which have a material impact on the Group.

Prior period restatement

Comparative information as at, and for the 27 week period ending 2 July 2016 has been restated in these condensed consolidated financial statements, and a reconciliation to amounts previously reported may be found in note 17. The group redefined its operating segments in its half year accounts for the 27 week period ending 2 July 2016 adopting reportable segments defined as Rental and related revenue, and Services, and subsequently further refined and restated the half year accounts figures in an announcement made on 22 March 2017. The basis of the change was more fully described in note 2 of the Group's Annual Report and Accounts for the year ended 31 December 2016. The comparative segmental disclosure in note 3 is based upon the restated disclosure.

Going concern

The Directors have reviewed the Group's current performance, forecasts and projections, taking account of reasonably possible changes in trading performance and considering senior debt and interest repayments, combined with expenditure commitments. In particular the directors have considered the adequacy of the Group's debt facilities with specific regard to the following factors:

- the financial covenants relating to the revolving credit facility secured by the Group
- the maturity of the revolving credit facility in February 2019
- there is no requirement to redeem any of the Senior Secured Notes until 1 August 2019

After reviewing the above, taking into account current and future developments and principal risks and uncertainties, and making appropriate 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 condensed consolidated interim financial statements.

3. Segmental reporting

The Group's operations are segmented into the following reportable segments:

- Rental and related revenue.
- Services.

Rental and related revenue comprises the rental income earned from owned tools and equipment, including powered access, power generation, cleaning and HVAC assets, together with directly related revenue such as resale (fuel and other consumables) transport and other ancillary revenues.

Services comprise the Group's rehire business (HSS OneCall), HSS Training and TecServ. HSS One Call provides customers with a single point of contact for the hire of products that are not typically held within HSS' fleet and are obtained from approved third party partners; HSS Training provides customers with specialist safety training across a wide range of products and sectors; and TecServ provides customers with maintenance services for a full range of cleaning machines.

Contribution is defined as segment operating profit before branch and selling costs, central costs, depreciation, amortisation and exceptional items.

All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group being the provision of tool and equipment hire and related services in, and to customers in, the United Kingdom and the Republic of Ireland. Revenue from one customer exceeded 10% of Group turnover in the period ending 1 July 2017 (2016: nil).

	26 weeks ended 1 July 2017			
	Rental (and related revenue) £000s	**Services £000s**	**Central £000s**	**Total £000s**
Total revenue from external customers	**119,252**	**41,286**	**-**	**160,538**
Contribution	**73,930**	**5,158**	**-**	**79,088**
Branch and selling costs			**(41,315)**	**(41,315)**
Central costs			**(20,678)**	**(20,678)**
Adjusted EBITDA				**17,095**
Less: Exceptional items	**-**	**-**	**(12,643)**	**(12,643)**
Less: Depreciation and amortisation	**(21,499)**	**(164)**	**(6,028)**	**(27,678)**
Operating loss				**(23,226)**
Net finance expenses				**(6,915)**
Loss before tax				**(30,141)**
Additions to non-current assets				
Property, plant and equipment	**11,623**	**18**	**2,289**	**13,930**
Intangibles	**-**	**109**	**1,697**	**1,806**
Non-current assets net book value				
Property, plant and equipment	**125,611**	**343**	**35,991**	**161,945**
Intangibles	**168,336**	**549**	**8,392**	**177,277**
Unallocated corporate assets				
Non current deferred tax assets			**532**	**532**
Current assets			**112,761**	**112,761**
Current liabilities			**(158,445)**	**(158,445)**
Non current liabilities			**(170,861)**	**(170,861)**
Net assets				**123,209**

	Restated			
	27 weeks ended 2 July 2016			
	Rental (and related revenue) £000s	Services £000s	Central £000s	Total £000s
Total revenue from external customers	128,704	37,525	-	166,229
Contribution	86,657	5,167	-	91,825
Branch and selling costs			(45,503)	(45,503)
Central costs			(14,221)	(14,221)
Adjusted EBITDA				32,101
Less: Exceptional items			(7,067)	(7,067)
Less: Depreciation and amortisation	(19,291)	(126)	(6,231)	(25,648)
Operating loss				(614)
Net finance expenses				(7,207)
Loss before tax				(7,821)
Additions to non-current assets				
Property, plant and equipment	17,805	77	8,411	26,293
Intangibles	-	34	2,283	2,317
Non-current assets net book value				
Property, plant and equipment	144,036	384	43,262	187,682
Intangibles	171,206	598	7,810	179,614
Unallocated corporate assets				
Non current deferred tax assets			1,282	1,282
Current assets			114,529	114,529
Current liabilities			(157,717)	(157,717)
Non current liabilities			(174,910)	(174,910)
Net assets				150,480

4. Exceptional items

Items of income or expense have been shown as exceptional either because of their size or nature or because they are non-recurring. An analysis of the amount presented as exceptional items in the consolidated income statement is given below.

During the period ended 1 July 2017, the Group has recognised total exceptional costs of £12.6 million, analysed as follows:

	Included in cost of sales	**Included in distribution costs**	**Included in administrative expenses**	**Included in other operating income**	**26 weeks ended 1 July 2017**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
NDEC exceptional costs					
Project management, design, set-up	-	-	-	-	-
Parallel running	-	-	-	-	-
Non-recurring transitional engineering costs	-	-	-	-	-
Branch and CDC closure redundancies	-	-	-	-	-
Total NDEC exceptional costs	**-**	**-**	**-**	**-**	**-**
Branch and distribution centre closure onerous leases	-	-	4,969	-	4,969
Impairment of property, plant and equipment	-	-	6,225	-	6,225
Group restructuring	-	-	-	-	-

Resale stock impairment	-	-	-	-	-
Pre-opening costs	-	-	-	-	-
Cost reduction programme	95	162	1,717	-	1,974
IPO fees	-	-	-	-	-
Sub-let rental income on onerous leases	-	-	-	(525)	(525)
Exceptional items (non-finance)	**95**	**162**	**12,911**	**(525)**	**12,643**

The Group has incurred significant costs restructuring its business and its operating model. Central to this has been the establishment of the National Distribution and Engineering Centre ("NDEC") near Oxford which is the centrepiece of our supply chain, designed to serve our branch and distribution network and provide improved customer experience, operational and capital efficiency. This replaces the former hub and spoke model deployed by the group. Additionally we have closed branches and reduced headcount.

Branch and distribution centre closure onerous leases

The number of branches and distribution centres has been reduced as activity has been centralised into fewer locations and a new divisional structure created. 50 branches were closed during the period. An exceptional cost of £5.0 million relating to onerous leases and dilapidations costs has been recorded in the 26 weeks ended 1 July 2017 (53 weeks ended 31 December 2016: £4.5 million; 27 weeks ended 2 July 2016: £1.3 million).

Impairment of property, plant and equipment

Following the branch closures management have conducted an impairment review of property plant and equipment in closed branches to determine what can be reused across the network. During the 26 weeks ended 1 July 2017 an impairment of £6.2 million has been recorded, (53 weeks ended 31 December 2016: £nil; 27 weeks ended 2 July 2016: £nil).

Cost reduction programme

Associated to the establishment of the NDEC and the reduced branch network the Group has also announced plans to deliver significant cost reductions primarily by reducing headcount by redundancy. During the 26 weeks ended 1 July 2017 costs of £2.0 million are included as exceptional items relating to the cost reduction programme, (53 weeks ended 31 December 2016: £nil; 27 weeks ended 2 July 2016: £0.1 million).

Sub-let rental income

Sub-let income from vacant properties is recorded within exceptional items as other operating income. During the 26 weeks ended 1 July 2017 an exceptional credit of £0.5 million was recorded. (53 weeks ended 31 December 2016: £1.1 million credit; 27 weeks ended 2 July 2016: £0.5 million credit).

During the period ended 31 December 2016, the Group has recognised £17.0 million of exceptional costs, analysed as follows:

	Included in cost of sales	Included in distribution costs	Included in administrative expenses	Included in other operating income	Year ended 31 December 2016
	£000s	£000s	£000s	£000s	£000s
NDEC exceptional costs					
Project management, design, set-up	508	-	2,560	-	3,068
Parallel running	1,036	1,128	4,130	-	6,294
Non-recurring transitional engineering costs	125	-	226	-	351
Branch and CDC closure redundancies	162	163	116	-	441
Total NDEC exceptional costs	1,831	1,291	7,032	-	10,154
Branch and distribution centre closure onerous leases	-	-	4,492	-	4,492
Group restructuring	15	5	1,622	-	1,642
Resale stock impairment	1,552	-	-	-	1,552
Pre-opening costs	-	8	172	-	180
Cost reduction programme	-	-	-	-	-

IPO fees	-	-	74	-	74
Sub-let rental income on onerous leases	-	-	-	(1,137)	(1,137)
Exceptional items	3,398	1,304	13,392	(1,137)	16,957

NDEC

The restructuring began in 2015. The NDEC started to operate in March 2016, and by October 2106 was processing more than 50% of operational volumes. During the 26 weeks ended 1 July 2017 the NDEC became fully operational. Total NDEC exceptional costs for the 53 weeks ended 31 December 2016: £10.2 million; (27 weeks ended 2 July 2016: £5.9 million).

Group Restructuring

In parallel with the implementation of the NDEC, the Group changed its operating model moving to a new divisional structure. This results in a reduction in headcount leading to a redundancy cost of £1.6 million during the 53 weeks ended 31 December 2016 (27 weeks ended 2 July 2016 £nil.)

Resale stock impairment

During the 53 weeks ended 31 December 2016 the Group recorded an impairment of resale stock of £1.6 million following the centralisation of inventory held for resale into fewer locations. (27 weeks ended 2 July 2016 £nil).

Pre-opening costs and IPO fees

During the 53 weeks ended 31 December 2016 the Group incurred exceptional costs relating to opening new branches of £0.2m (27 weeks ended 2 July 2016 £0.2 million), and the 2015 IPO of £0.1 million (27 weeks ended 2 July 2016 £0.1 million).

During the period ended 2 July 2016, the Group has recognised £7.1 million of exceptional costs, analysed as follows:

	Included in cost of sales	Included in distribution costs	Included in administrative expenses	Included in other operating income	27 weeks ended 2 July 2016
	£000s	£000s	£000s	£000s	£000s
NDEC exceptional costs					
Project management, design, set-up	1,835	-	1,041	-	2,876
Parallel running	2,782	-	108	-	2,890
Non-recurring transitional engineering costs	-	-	-	-	-
Branch and CDC closure redundancies	-	-	170	-	170
Total NDEC exceptional costs	4,617	-	1,319	-	5,936
Branch and distribution centre closure onerous leases	-	-	1,306	-	1,306
Resale stock impairment	-	-	-	-	-
Pre-opening costs	-	-	162	-	162
Cost reduction programme	-	-	113	-	113
IPO fees	-	-	78	-	78
Sub-let rental income on onerous leases	-	-	-	(528)	(528)
Exceptional items	4,617	-	2,978	(528)	7,067

5. Finance income and expense

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016

	£000s	£000s	£000s
Interest received on cash deposits	**(1)**	(3)	(1)
Finance income	**(1)**	(3)	(1)
Bank loans and overdrafts	**1,020**	2,039	991
Senior secured notes	**4,577**	9,331	4,753
Finance leases	**761**	1,792	878
Interest unwind on discounted provisions	**38**	484	58
Debt issue costs	**520**	1,043	528
Finance expense	**6,916**	14,689	7,208
Net finance expense	**6,915**	14,686	7,207

6. Earnings per share

	26 weeks ended 1 July 2017		
	Loss after tax	Weighted average number of shares	Loss per share
	£000s	000s	pence
Basic loss per share	**(30,316)**	**170,207**	**(17.81)**
Potentially dilutive securities	**-**	**-**	**-**
Diluted earnings per share	**(30,316)**	**170,207**	**(17.81)**

	53 weeks ended 31 December 2016		
	Loss after tax	Weighted average number of shares	Loss per share
	£000s	000s	pence
Basic loss per share	(17,313)	154,887	(11.18)
Potentially dilutive securities	-	-	-
Diluted earnings per share	(17,313)	154,887	(11.18)

	27 weeks ended 2 July 2016 *(restated)*		
	Loss after tax	Weighted average number of shares	Loss per share
	£000s	000s	pence
Basic loss per share	(8,259)	154,762	(5.34)
Potentially dilutive securities	-	-	-
Diluted earnings per share	(8,259)	154,762	(5.34)

Basic loss per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period.

Diluted loss per share is calculated using the loss for the year divided by the weighted average number of shares outstanding assuming the conversion of its potentially dilutive equity derivatives outstanding, being nil cost share options (LTIP shares) and Sharesave Scheme options, as disclosed in note 21 in the Annual Report and Financial Statements for the year ended 31 December 2016.

All of the Group's potentially dilutive equity derivatives were anti-dilutive for the periods ended 1 July 2017 and 2 July 2016, and the year ended 31 December 2016, respectively, for the purpose of diluted loss per share.

The LTIP shares and Sharesave Scheme options were anti-dilutive for purposes of calculating adjusted diluted earnings per share for the 26 weeks period ended 1 July 2017. The weighted average number of shares for purposes of calculating the adjusted diluted earnings per share are as follows:

	26 weeks ended 1 July 2017 Weighted average number of shares	53 weeks ended 31 December 2016 Weighted average number of shares	27 weeks ended 2 July 2016 Weighted average number of shares
	000s	000s	000s
Basic	**170,207**	154,887	154,887
LTIP share options	-	1,256	696
Sharesave scheme options	-	378	-
Diluted	**170,207**	156,521	155,583

The following is a reconciliation between the basic loss per share and the adjusted basic loss/earnings per share.

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016
Basic and diluted loss per share (pence)	**(17.81)**	(11.18)	(5.34)
Add back:			
Exceptional items per share (1)	**7.43**	10.95	4.57
Amortisation per share (2)	**1.93**	4.03	1.90
Tax charge per share	**0.10**	(0.07)	0.28
Charge:			
Tax at prevailing rate	**1.61**	(0.75)	(0.28)
Adjusted basic (loss)/ earnings per share (pence)	**(6.74)**	2.98	1.13

(1) Exceptional items per share is calculated as total finance and non finance exceptional items divided by the weighted average number of shares in issue through the period.

(2) Amortisation per share is calculated as the amortisation charge divided by the weighted average number of shares in issue through the period.

The following is a reconciliation between the basic loss per share and the adjusted diluted earnings/ (loss) per share.

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016
Basic loss per share (pence)	**(17.81)**	(11.18)	(5.34)
Add back:			
Adjustment to basic loss per share for the impact of dilutive securities (1)	**-**	0.12	0.03
Exceptional items per share (2)	7.43	10.83	4.55
Amortisation per share (3)	1.93	3.98	1.89
Tax charge per share	0.10	(0.07)	0.28
Charge:			
Tax at prevailing rate	1.61	(0.74)	(0.28)
Adjusted diluted (loss)/ earnings per share (pence)	**(6.74)**	2.94	1.13

(1) The LTIP and Sharesave share options were anti-dilutive for purposes of calculating adjusted diluted earnings per share in the 26 week period ended 1 July 2017.
(2) Exceptional items per share is calculated as total finance and non finance exceptional items divided by the weighted average number of shares in issue through the period.
(3) Amortisation per share is calculated as the amortisation charge divided by the weighted average number of shares in issue through the period.

7. Dividends

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016
	£000s	£000s	£000s
Dividends	**-**	1,764	882
	-	1,764	882

No interim or final dividend has been paid or proposed during the period ended 1 July 2017.

During the period ended 2 July 2016, the shareholders approved a final dividend of 0.57p per ordinary share, totalling £0.9 million in respect of the year ended 26 December 2015. The amount was included as a liability at 2 July 2016 and subsequently paid on 4 July 2016.

8. Intangible assets

	Goodwill £000s	Customer relationships £000s	Brands £000s	Software £000s	Total £000s
Cost					
At 31 December 2016	129,744	27,482	24,142	19,968	201,336
Additions	-	-	-	1,806	1,806
At 1 July 2017	129,744	27,482	24,142	21,774	203,142
Amortisation					
At 31 December 2016	-	10,940	391	11,250	22,581
Charge for the period	-	1,388	72	1,824	3,284
At 1 July 2017	-	12,328	463	13,074	25,865
Net book value					
At 1 July 2017	**129,744**	**15,154**	**23,679**	**8,700**	**177,277**
At 31 December 2016	129,744	16,542	23,751	8,718	178,755
Cost					
At 26 December 2015	130,171	27,044	24,142	14,999	196,356
Additions	-	-	-	2,317	2,317
At 2 July 2016	130,171	27,044	24,142	17,316	198,673
Amortisation					
At 26 December 2015	-	8,014	234	7,866	16,114
Charge for the period	-	1,383	82	1,480	2,945
At 2 July 2016	-	9,397	316	9,346	19,059
Net book value					
At 2 July 2016	130,171	17,647	23,826	7,970	179,614
At 26 December 2015	130,171	19,030	23,908	7,133	180,242

9. Property, plant and equipment

	Land & Buildings £000s	Plant & Machinery £000s	Materials & Equipment held for hire £000s	Total £000s
Cost				
At 31 December 2016	69,187	58,673	247,295	375,155
Foreign exchange differences	10	41	396	447
Additions	1,132	1,175	11,623	13,930
Disposals	(759)	(49)	(14,817)	(15,625)
At 1 July 2017	69,570	59,840	244,497	373,907
Accumulated depreciation				
At 31 December 2016	37,095	46,214	113,373	196,682
Foreign exchange differences	-	30	244	274

Charge for the period	2,359	1,949	14,586	18,894
Impairment loss	6,225	-	-	6,225
Disposals	(758)	(38)	(9,317)	(10,113)
At 1 July 2017	44,921	48,155	118,886	211,962
Net book value				
At 1 July 2017	**24,649**	**11,685**	**125,611**	**161,945**
At 31 December 2016	32,092	12,459	133,922	178,473
Cost				
At 26 December 2015	63,313	55,914	256,208	375,435
Foreign exchange differences	23	184	1,908	2,115
Additions	4,208	4,280	17,805	26,293
Disposals	(384)	(95)	(11,786)	(12,265)
At 2 July 2016	67,160	60,283	264,135	391,578
Accumulated depreciation				
At 26 December 2015	35,258	44,016	112,948	192,222
Foreign exchange differences	-	126	1,110	1,236
Charge for the period	2,754	2,008	13,341	18,103
Disposals	(269)	(95)	(7,301)	(7,665)
At 2 July 2016 (restated)	37,743	46,055	120,098	203,896
Net book value				
At 2 July 2016 (restated)	29,417	14,228	144,037	187,682
At 26 December 2015	28,055	11,898	143,260	183,213

10. Trade and other receivables

	1 July 2017	31 December 2016	2 July 2016
	£000s	£000s	£000s
Gross trade receivables	**77,575**	83,072	78,231
Less provision for impairment	**(3,879)**	(3,740)	(4,766)
Net trade receivables	**73,696**	79,332	73,465
Other debtors	**417**	679	510
Prepayments and accrued income	**23,761**	23,733	29,412
Total trade and other receivables	**97,874**	103,744	103,387

	1 July 2017	31 December 2016	2 July 2016
Movements in provision	**£000s**	£000s	£000s
Balance at the beginning of the period	**(3,740)**	(4,000)	(4,000)
Movement in provision	**(139)**	260	(766)
Balance at the end of the period	**(3,879)**	(3,740)	(4,766)

11. Trade and other payables

	1 July 2017	31 December 2016	2 July 2016
	£000s	£000s	£000s
Current			
Obligations under finance leases	**12,126**	11,448	11,446
Trade payables	**43,550**	52,505	44,472
Other taxes and social security costs	**6,831**	5,688	4,521
Other creditors	**1,936**	467	1,776
Accrued interest on borrowings	**3,844**	3,859	3,885
Accruals and deferred income	**14,922**	15,183	18,552
	83,209	89,150	84,652
Non-current			
Obligations under finance lease	**17,185**	17,266	21,585
	17,185	17,266	21,585

12. Borrowings

	1 July 2017	31 December 2016	2 July 2016
	£000s	£000s	£000s
Current			
Revolving credit facility	**68,500**	66,000	67,000
Bank overdraft	**-**	-	1,083
	68,500	66,000	68,083
Non-current			
6.75% Senior secured notes	**133,733**	133,212	132,717
	133,733	133,212	132,717

The interest rates on the Group's variable interest loans are as follows:

	1 July 2017	31 December 2016	2 July 2016
	% above LIBOR	% above LIBOR	% above LIBOR
Revolving credit facility	**2.50%**	2.25%	2.00%

The following table shows the fair value of the Group's Senior Secured Notes:

	1 July 2017	31 December 2016	2 July 2016
	£000s	£000s	£000s
Financial liabilities			
6.75% Senior secured notes	**134,980**	137,700	132,430
	134,980	137,700	132,430

The Group has undrawn committed borrowing facilities of £28.3 million at 1 July 2017 (2 July 2016: £20.9 million). Including net cash balances, the Group had access to £35.4 million of combined liquidity from available cash and undrawn committed borrowing facilities at 1 July 2017.

13. Provisions

	Onerous leases	**Dilapidations**	**Total**
	£000s	**£000s**	**£000s**
At 31 December 2016	5,398	11,745	17,143
Additions	4,353	160	4,513
Utilised during the period	(2,018)	(1,052)	(3,070)
Unwind of provision	16	23	39
Released	(104)	(253)	(357)
At 1 July 2017	**7,645**	**10,623**	**18,268**
Of which:			
Current	**3,617**	**2,619**	**6,236**
Non current	**4,028**	**8,004**	**12,032**
	7,645	**10,623**	**18,268**
At 26 December 2015	4,537	10,136	14,673
Additions	669	2,296	2,965
Utilised during the period	(925)	(527)	(1,452)
Unwind of provision	32	26	58
Released	(163)	(560)	(723)
At 2 July 2016	4,150	11,371	15,521
Of which:			
Current	1,682	2,780	4,462
Non current	2,468	8,591	11,059
	4,150	11,371	15,521

14. Commitments and contingencies

The Group’s commitments under non-cancellable operating leases are set out below:

	1 July 2017	31 December 2016	2 July 2016
	£000s	£000s	£000s
Land and buildings			
Within one year	**15,972**	16,140	15,863
Between two and five years	**48,550**	48,447	48,047
After five years	**34,920**	35,562	31,758
	99,442	100,149	95,668

Other			
Within one year	**9,162**	9,142	7,657
Between two and five years	**14,451**	15,952	11,311
After five years	**56**	321	40
	23,669	25,415	19,008
	123,111	125,564	114,676

15. Risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining 26 weeks of the 2017 financial year have not changed significantly from those set out on pages 30 to 33 of the Group's 2016 Annual Report, which is available at www.hssannualreport2016.com. These risks and uncertainties include, but are not limited to the following:

1) Macroeconomic conditions;
2) Competitor challenge;
3) Operational disruption;
4) IT infrastructure;
5) Customer credit/supplier payment;
6) Equipment supply, maintenance & availability;
7) Customer retention and brand reputation;
8) Outsourcing of services;
9) Inability to attract and retain personnel; and
10) Legal and regulatory requirements

The main risk expected to affect the Group in the remaining 26 weeks of the 2017 financial year is macroeconomic conditions, which includes the impact that the election of a minority government and/or Brexit related developments could have on the prevailing demand from new and existing customers within the numerous and diverse market sectors which HSS serves.

16. Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA is calculated as follows:

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016
	£000s	£000s	£000s
Operating (loss)	**(23,226)**	(2,731)	(614)
Add: Depreciation of property, plant and equipment	**18,894**	37,729	18,103
Add: Net book value of hire stock losses and write offs	**5,500**	9,762	4,485
Add: Net book value of other fixed asset disposals less proceeds on those disposals	**-**	684	115
Add: Amortisation	**3,284**	6,237	2,945
EBITDA	**4,452**	51,681	25,034
Add: Exceptional items	**12,643**	16,957	7,067
Adjusted EBITDA	**17,095**	68,638	32,101

Adjusted EBITA is calculated as follows:

	26 weeks ended 1 July 2017	53 weeks ended 31 December 2016	27 weeks ended 2 July 2016
	£000s	£000s	£000s
Operating (loss)	**(23,226)**	(2,731)	(614)
Add: Amortisation	**3,284**	6,237	2,945
EBITA	**(19,942)**	3,506	2,331
Add: Exceptional items	**12,643**	16,957	7,067
Adjusted EBITA	**(7,299)**	20,463	9,398

17. Prior period restatement for change in depreciation estimate

Change in depreciation estimate

The Group reviews its depreciation policy annually. As disclosed in note 1 in the Annual Report and Financial Statements for the year ended 31 December 2016, effective 27 December 2015, the directors assessed that the residual values of certain powered access assets should be changed from 10% to 20% and residual values of 10% should be introduced for power generation assets. As a result of these changes, the depreciation charge for the 27 week period ending 2 July 2016 previously reported has been reduced by £2.0 million.

Reconciliation of the condensed consolidated statement of financial position at 2 July 2016

	Restated £000s	Change in depreciation estimate £000s	As originally reported £000s
ASSETS			
Non-current assets			
Intangible assets	179,614	-	179,614
Property, plant and equipment	187,682	(1,986)	185,696
Deferred tax assets	1,282	-	1,282
	368,578	(1,986)	366,592
Current assets			
Inventories	8,887	-	8,887
Trade and other receivables	103,387	-	103,387
Cash	2,255	-	2,255
	114,529	-	114,529
Total assets	483,107	(1,986)	481,121
LIABILITIES			
Current liabilities			
Trade and other payables	(84,652)	-	(84,652)
Borrowings	(68,083)	-	(68,083)
Provisions	(4,462)	-	(4,462)
Current tax liabilities	(520)	-	(520)
	(157,717)	-	(157,717)
Non-current liabilities			

Trade and other payables	(21,585)	-	(21,585)
Borrowings	(132,717)	-	(132,717)
Provisions	(11,059)	-	(11,059)
Deferred tax liabilities	(9,549)	-	(9,549)
	(174,910)	-	(174,910)
Total liabilities	(332,627)	-	(332,627)
Net assets	150,480	(1,986)	148,494
EQUITY			
Share capital	1,548	-	1,548
Merger reserve	85,376	-	85,376
Retained earnings/(deficit)	63,556	(1,986)	61,570
Total equity attributable to owners of the group	150,480	(1,986)	148,494

Reconciliation of the condensed consolidated income statement for the 27 week period ended 2 July 2016

	Restated £000s	Change in depreciation estimate £000s	As originally reported £000s
Revenue	166,229	-	166,229
Cost of sales	(72,723)	(1,986)	(74,709)
Gross profit	93,506	(1,986)	91,520
Distribution costs	(21,775)	-	(21,775)
Administrative expenses	(72,873)	-	(72,873)
Other operating income	528	-	528
Operating loss	(614)	(1,986)	(2,600)
Finance income	1	-	1
Finance expense	(7,208)	-	(7,208)
Loss before tax	(7,821)	(1,986)	(9,807)
Taxation	(438)	-	(438)
Loss for the financial period	(8,259)	(1,986)	(10,245)