21 September 2015

French Connection Group PLC

Interim Results for the 6 month period ended 31 July 2015

French Connection Group PLC ("French Connection", "the Group") today announces results for the 6 month period ended 31 July 2015.

Highlights:

- Loss before taxation of £(7.9)m (2014: £(3.9)m) due to the disappointing performance of the Spring 15 collection as forecast in the April trading update

- Group revenue of £75.8m, down 9.8% on reduced retail store portfolio and lower LFLs

  - Store closure plan continued with 6 non-contributing stores already closed during the period
  - UK/Europe retail LFLs of -10.7% against stronger comparative LFLs (2014: +6.0%)
  - Wholesale revenue lower by -2.6% within which UK/Europe +4.7%

- Costs reduced again with underlying operating expenses 1.4% lower than prior year

- Another good performance in Licensing with year-on-year growth of 3.4%

- Closing net cash of £15.0m (2014: £19.4m), no debt, and inventory levels controlled (-3.4%)

- Retail trading over the first 6 weeks of the second half has been stronger; UK/Europe LFLs flat, within that full price LFLs around +6.0% with improved gross margins against the prior year

Commenting on the results, Stephen Marks, Chairman and Chief Executive said:

“As anticipated in our April trading update it has been a tough trading period for us and we have responded accordingly to ensure we deliver improvements going forwards.

We have already closed 6 stores during the period, with more targeted in the second half. We have also made operational and personnel changes to drive improvements in performance, notably in both design and merchandising.

Improved retail trading especially in recent weeks of our new Winter 15 collection, the continued growth of licensing, solid Spring 16 forward orders, and tight control of costs, are positive signs.

We are pleased with the recent change of trajectory in UK/Europe retail performance, particularly given soft trading on the High Street in August. Trading, however is unpredictable, and we are as ever dependent on the Christmas selling period.”

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CHAIRMAN'S STATEMENT

Dear Shareholders,

It has been a tough first half with the disappointing performance of the Spring 15 collection continuing throughout the season as forecast in the April trading update.

Whilst this has delayed our return to profitability, an improved retail performance especially in recent weeks of our new Winter 15 collection, the continued growth of licensing, solid Spring 16 forward orders in wholesale, and continued tight control of costs, are positive signs.

We have continued our store closure plan, already closing 6 stores during the period, with 3-4 more targeted in the second half. We have also made operational and personnel changes to drive improvements in performance, notably in both design and merchandising.

Financial performance

We have reported a loss before taxation for the half of £(7.9)m (2014: £(3.9)m) due to the disappointing performance of the Spring 15 collection.

Although trading conditions were difficult we ended the period with a reduced stock position against prior year (-3.4%) and within that Spring 15 reduced further through close management.

Adjusting for currency and store closures, underlying operating expenses were 1.4% lower compared to prior year. We will continue to focus on cost control against a backdrop of rent and rates increases in key locations.

The Group remains debt free and ended the half with a cash position of £15.0m (2014: £19.4m).

Retail

The disappointing performance of the Spring 15 collection continued throughout the season and we reported first half LFL retail sales in UK/Europe of -10.7%. This performance was delivered against the backdrop of what has been a difficult period for the High Street generally, and also against stronger comparative LFLs (2014: +6.0%).

UK/Europe gross margins of 57.4% (2014: 57.9%) were not significantly impacted given the LFL performance as we controlled our discounting profile and sold a higher proportion of full price product during the sale period.

Ecommerce represented 22.3% of Group retail revenue (2014: 22.4%) with mobile and tablet sales making up 47% of ecommerce revenue (2014: 41%).

The recent performance of the Winter 15 collection has been encouraging and the negative retail LFLs we experienced in the first half have been reversed, with flat UK/Europe LFL and within that new season full price LFL of around 6.0% in the first 6 weeks of the second half. This performance reflects the changes we have put in place and was against the backdrop of soft August trading across the market. Gross margin was also stronger than the prior year during this period.

We closed 6 non-contributing stores in the period (3 UK/Europe, 3 North America) and are focused on further closures in the second half. The average lease length of the UK/Europe retail estate is 5.1 years (2014: 5.0 years).

We opened 2 new outlet stores and net 1 new concession in the period.

Wholesale
Wholesale trading reflected the performance of the collection during the season with reported revenue lower by 2.6% year-on-year (-5.9% at constant currency). Within these numbers UK/Europe wholesale showed growth with revenue increasing by 4.7%.

We entered Spring 15 with a strong forward order book but as the season progressed, reorders were lower than planned and additional discounting was required to clear stock, impacting gross margin (2015: 31.6%, 2014: 32.6%).

Wholesale orders for Spring 16 show an improvement in year-on-year ordering levels.

Licensing
Licence income of £3.0m was generated during the period, an improvement of 3.4% (+1.5% at constant currency). Newer licensees again performed strongly, particularly the furniture licence with DFS. We are already seeing an acceleration of licensing growth in the second half which will be further boosted by delayed shipments from the first half.

Outlook
It's been a tough trading period for us and the High Street generally and we have responded accordingly to ensure we deliver improvements going forwards.

We are pleased with the recent change of trend in UK/Europe retail performance, particularly given soft trading on the High Street in August. Trading, however, is unpredictable, and we are as ever dependent on the Christmas selling period.

Stephen Marks
Chairman and Chief Executive
21 September 2015

FINANCIAL REVIEW

Financial results overview
As anticipated in the April trading update the Spring 15 performance was disappointing and as a result the loss before tax increased compared to the previous period.

For the half-year ended 31 July 2015 we report a loss before taxation of £(7.9)m (2014: £(3.9)m) with no exceptional costs for store closures or disposals.

In response to the lower than anticipated performance we have already closed 6 stores in the period (3 UK/Europe, 3 North America), and have made operational and personnel changes across both design and merchandising.

Revenue overview
Total 2015 revenue was 9.8% lower than 2014 (-10.8% at constant currency). This decline was a combination of store closures (25% of the fall) and the poor performance of the Spring 15 collection (75% of the fall).

Gross margin
Composite gross margin was 45.5% (2014: 47.4%), reflecting both the higher mix of wholesale sales within the Group and discounting activity. Retail margins were not impacted significantly despite the LFL performance and wholesale margin fell slightly on the back of some additional discounts offered to clear stock.

Retail
Retail underlying loss was £(11.1)m (2014: £(7.5)m).

Group retail revenues of £42.6m were 14.6% lower than the prior year (-14.2% at constant currency). The decline in revenue was due to the closure of stores and the disappointing LFLs.

The Group reported in its April trading update the challenging conditions faced by the retail division and this continued throughout much of the half. The Spring 15 performance was disappointing and this was compounded by a strong comparator LFL last year and challenging market conditions resulting in UK/Europe LFLs of -10.7% for the first half (2014: +6.0% comparative).

Ecommerce sales represent 22.3% of total Group retail sales (2014: 22.4%).

The retail gross margin was not impacted significantly in the period despite the LFL performance (2015: 56.3%, 2014: 57.5%), as we carefully controlled our discounting profile and stock levels.

Wholesale
Wholesale underlying profit was £5.5m (2014: £6.2m).

Group wholesale revenues of £33.2m were 2.6% lower than prior year (-5.9% at constant currency). UK/Europe performed well with revenue growth of +4.7% whilst trading in the other regions more reflected the performance of the collection. The wholesale gross margin of 31.6% was lower by 100 basis points as additional discounting was required to clear through stock.

Geographical analysis
UK/Europe represented 74% of Group revenues (2014: 71%). North America revenue represented a lower proportion of sales (2015: 21%, 2014: 24%) due to the closure of 3 stores in retail and the performance of the Spring collection in wholesale.

The UK/Europe operating loss increased to £(5.9)m (2014: £(3.2)m) due to the performance of retail. North America operating profit was £0.1m (2014: £0.9m) due to the disappointing performance of the Spring 15 collection in both retail and wholesale. Rest of the World operating profit was £0.2m (2014: £0.4m) primarily due to shipment phasing. A small loss in the Joint Ventures of £(0.1)m (2014: £Nil) was due to challenging trading conditions in Hong Kong as widely reported, largely offset by an improvement in financial performance in China.

Other Income
The net income received from Global licensing was £3.0m in the year (2014: £2.9m) with strong growth from our furniture licence with DFS.

Operating expenses
Total reported Group operating expenses of £45.3m were 3.0% lower than last year (4.0% at constant currency). After adjusting for store closures and currency, operating expenses were 1.4% lower than last year as the Group controlled cost. We will continue to focus on cost control against a backdrop of rent increases in key locations which will put pressure on total costs.

Balance sheet and cash flow
The Group balance sheet at 31 July 2015 remains strong with £15.0m of cash (2014: £19.4m), no bank borrowings and a minimum cash position during the year of £10.4m (2014: £11.3m).

The trading operations of the Group consumed cash of £7.9m (2014: £7.8m). Inventories increased since the year end reflecting early delivery of Winter product largely offset by a corresponding increase in payables. Trade and other receivables consumed £0.6m of cash in line with the seasonal profile.

Capital expenditure was maintained at £0.4m (2014: £0.4m) with spend focused on retail stores and IT systems similar to prior year.

There was a net inflow of £0.2m which related to the premium received from one of the closed stores offset by other store closure costs.

Taxation
The tax charge for the period was £Nil (2014: £Nil).

Dividends
The Board of Directors do not recommend the payment of a dividend (2014: £Nil).

Going concern
Having reviewed the cash forecasts and the sources of cash funding available to the Group, the Board has concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Principal risks and uncertainties
The principal risks and uncertainties were outlined in the Director's Report within the 2015 Annual Report and remain unchanged. These are described in Note 6 to these financial statements.

Related party transactions
There have been no additional related party transactions to those disclosed in the Group's Annual Report and Accounts for the year ended 31 January 2015.

By order of the Board

Adam Castleton
Group Finance Director
21 September 2015

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:

  (a) DTR rule 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR rule 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Stephen Marks
Chairman and Chief Executive
21 September 2015

Adam Castleton
Group Finance Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Revenue	1	**75.8**	84.0	178.5
Cost of sales		**(41.3)**	(44.2)	(95.1)
Gross profit	1	**34.5**	39.8	83.4
Operating expenses		**(45.3)**	(46.7)	(90.8)
Other operating income	2	**3.0**	2.9	6.5
Finance income		**-**	0.1	0.1
Share of loss of joint ventures, net of tax		**(0.1)**	-	-
Underlying operating loss	1	**(7.9)**	(3.9)	(0.8)
Net loss on store disposals and closures		**-**	-	(0.8)
Loss before taxation		**(7.9)**	(3.9)	(1.6)
Taxation		**-**	-	-
Loss for the period		**(7.9)**	(3.9)	(1.6)

The Groups results were entirely from continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Loss for the period		**(7.9)**	(3.9)	(1.6)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences for overseas operations		**(0.1)**	(0.2)	2.0
Currency translation differences on foreign currency loans, net of tax		**(0.8)**	(0.2)	(0.6)
Currency translation differences transferred to profit and loss, net of tax		**-**	-	(0.2)
Effective portion of changes in fair value of cash flow hedges		**(0.3)**	0.1	0.5
Other comprehensive income for the period, net of tax		**(1.2)**	(0.3)	1.7
Total comprehensive income for the period		**(9.1)**	(4.2)	0.1
Loss attributable to:				
Equity holders of the Company	3	**(7.6)**	(3.8)	(1.5)
Non-controlling interests		**(0.3)**	(0.1)	(0.1)
Loss for the period		**(7.9)**	(3.9)	(1.6)
Total comprehensive income attributable to:				
Equity holders of the Company		**(8.8)**	(4.1)	0.2
Non-controlling interests		**(0.3)**	(0.1)	(0.1)
Total income and expense recognised for the period		**(9.1)**	(4.2)	0.1
Losses per share				
Basic and diluted losses per share	3	**(7.9)p**	(4.0)p	(1.6)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 July 2015 £m	31 July 2014 £m	31 Jan 2015 £m
Assets				
Non-current assets				
Intangible assets		**0.4**	0.4	0.4
Property, plant and equipment		**3.1**	3.9	3.9
Investments in joint ventures		**3.0**	2.8	3.1
Deferred tax assets		**4.8**	4.8	4.8
Total non-current assets		**11.3**	11.9	12.2
Current assets				
Inventories		**37.1**	38.4	35.5
Trade and other receivables		**23.9**	23.9	23.5
Cash and cash equivalents	4	**15.0**	19.4	23.2
Derivative financial instruments		**-**	-	0.3
Total current assets		**76.0**	81.7	82.5
Total assets		**87.3**	93.6	94.7
Non-current liabilities				
Deferred tax liabilities		**0.2**	0.5	0.2
Total non-current liabilities		**0.2**	0.5	0.2
Current liabilities				
Trade and other payables		**38.4**	39.7	36.5
Current tax payable		**0.1**	0.1	0.2
Provisions	5	**0.9**	0.7	1.0
Derivative financial instruments		**-**	0.1	-
Total current liabilities		**39.4**	40.6	37.7
Total liabilities		**39.6**	41.1	37.9
Net assets		**47.7**	52.5	56.8
Equity				
Called-up share capital		**1.0**	1.0	1.0
Share premium account		**9.6**	9.6	9.6
Other reserves		**4.8**	4.0	6.0
Retained earnings		**31.8**	37.1	39.4
Total equity attributable to equity holders of the Company		**47.2**	51.7	56.0
Non-controlling interests		**0.5**	0.8	0.8
Total equity		**47.7**	52.5	56.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months 31 July 2015	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 31 January 2015	**1.0**	**9.6**	**0.3**	**5.7**	**39.4**	**56.0**	**0.8**	**56.8**
Loss for the period ended 31 July 2015					**(7.6)**	**(7.6)**	**(0.3)**	**(7.9)**
Other comprehensive income								
Currency translation differences for overseas operations				(0.1)		**(0.1)**		**(0.1)**
Currency translation differences on foreign currency loans, net of tax				(0.8)		**(0.8)**		**(0.8)**
Effective portion of changes in fair value of cash flow hedges			(0.3)			**(0.3)**		**(0.3)**
Balance at 31 July 2015	**1.0**	**9.6**	**-**	**4.8**	**31.8**	**47.2**	**0.5**	**47.7**

Six months 31 July 2014	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 31 January 2014	**1.0**	**9.4**	**(0.2)**	**4.5**	**40.9**	**55.6**	**0.9**	**56.5**
Loss for the period ended 31 July 2014					**(3.8)**	**(3.8)**	**(0.1)**	**(3.9)**
Other comprehensive income								
Currency translation differences for overseas operations				(0.2)		**(0.2)**		**(0.2)**
Currency translation differences on foreign currency loans, net of tax				(0.2)		**(0.2)**		**(0.2)**
Effective portion of changes in fair value of cash flow hedges			0.1			**0.1**		**0.1**
Transactions with owners recorded directly in equity								
Share options exercised		0.2				**0.2**		**0.2**
Balance at 31 July 2014	**1.0**	**9.6**	**(0.1)**	**4.1**	**37.1**	**51.7**	**0.8**	**52.5**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Operating activities				
Loss for the period		**(7.9)**	(3.9)	(1.6)
Adjustments for:				
Depreciation and impairment		**0.8**	0.8	1.6
Finance income		**-**	(0.1)	(0.1)
Share of loss of joint ventures		**0.1**	-	-
Non-operating loss on store disposals and closures		**-**	-	0.8
Income tax expense		**-**	-	-
Operating cash flows before changes in working capital and provisions		**(7.0)**	(3.2)	0.7
(Increase)/decrease in inventories		**(2.0)**	-	3.3
Increase in trade and other receivables		**(0.6)**	(1.3)	(0.5)
Increase/(decrease) in trade and other payables		**1.7**	(3.3)	(6.2)
Cash flows from operations		**(7.9)**	(7.8)	(2.7)
Income tax paid		**(0.1)**	-	(0.3)
Cash flows from operating activities		**(8.0)**	(7.8)	(3.0)
Investing activities				
Interest received		**-**	0.1	0.1
Proceeds from investment in joint ventures		**-**	0.2	0.2
Acquisition of property, plant and equipment		**(0.4)**	(0.4)	(1.1)
Net proceeds/(costs) from store closures		**0.2**	(1.0)	(1.4)
Cash flows from investing activities		**(0.2)**	(1.1)	(2.2)
Financing activities				
Proceeds from exercise of share options		**-**	0.2	0.2
Cash flows from financing activities		**-**	0.2	0.2
Net decrease in cash and cash equivalents	4	**(8.2)**	(8.7)	(5.0)
Cash and cash equivalents at 1 February	4	**23.2**	28.2	28.2
Exchange rate fluctuations on cash held	4	**-**	(0.1)	-
Cash and cash equivalents at period end	4	**15.0**	19.4	23.2

NOTES TO THE HALF-YEAR STATEMENT

1. Segment revenue and results

Income Statement	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Revenue			
Retail	**42.6**	49.9	103.3
Wholesale	**33.2**	34.1	75.2
Group revenue	**75.8**	84.0	178.5
Gross profit	**34.5**	39.8	83.4
Retail	**56.3%**	57.5%	57.2%
Wholesale	**31.6%**	32.6%	32.3%
Group gross margin	**45.5%**	47.4%	46.7%
Underlying operating (loss)/profit			
Retail	**(11.1)**	(7.5)	(11.3)
Wholesale	**5.5**	6.2	14.6
Licence income	**3.0**	2.9	6.5
Common and Group overheads	**(5.2)**	(5.6)	(10.7)
Finance income	**-**	0.1	0.1
Share of profit from joint ventures	**(0.1)**	-	-
Underlying Group operating loss*	**(7.9)**	(3.9)	(0.8)
Underlying operating margin			
Retail	**(26.1)%**	(15.0)%	(10.9)%
Wholesale	**16.6%**	18.2%	19.4%
Underlying Group operating margin	**(10.4)%**	(4.6)%	(0.4)%
Geographical information			
Revenue			
UK/Europe	**74%**	71%	72%
North America	**21%**	24%	23%
Rest of the World	**5%**	5%	5%
Divisional operating (loss)/profit			
UK/Europe	**(5.9)**	(3.2)	(0.4)
North America	**0.1**	0.9	2.5
Rest of the World	**0.2**	0.4	0.9
Group overheads and finance income	**(2.3)**	(2.0)	(3.8)
Underlying Group operating loss*	**(7.9)**	(3.9)	(0.8)

***** Excludes net loss on store disposals and closures

NOTES TO THE HALF-YEAR STATEMENT

2. Other operating income

	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Licensing income	**3.0**	2.9	6.5

3. Losses per share

Basic and diluted losses per share are calculated on the following weighted average number of ordinary shares during the period.

	Six months 31 July 2015	Six months 31 July 2014	Year ended 31 Jan 2015
Weighted average number of ordinary shares	**96,179,791**	96,060,684	96,119,892

The reconciliation from basic and diluted losses per share to underlying losses per share is as follows:

	Six Months 31 July 2015		Six Months 31 July 2014		Year ended 31 Jan 2015	
	£m	Pence per share	£m	Pence per share	£m	Pence per share
Loss attributable to equity shareholders	(7.6)	(7.9)p	(3.8)	(4.0)p	(1.5)	(1.6)p
Net loss on store disposals and closures	-	-	-	-	0.8	0.9p
Underlying operating loss	**(7.6)**	**(7.9)p**	**(3.8)**	**(4.0)p**	**(0.7)**	**(0.7)p**

4. Cash and cash equivalents

	31 January 2015 £m	Cash flow £m	Non cash changes £m	31 July 2015 £m	31 July 2014 £m
Cash and cash equivalents in the balance sheet and cash flow	23.2	(8.2)	-	**15.0**	19.4

NOTES TO THE HALF-YEAR STATEMENT

5. Provisions

Store disposals and closures	Six months 31 July 2015 £m	Six months 31 July 2014 £m	Year ended 31 Jan 2015 £m
Balance at 1 February	**1.0**	1.7	1.7
Utilised during the period	**(0.3)**	(1.0)	(1.5)
Increase during the period	**0.2**	-	0.8
Balance at period end	**0.9**	0.7	1.0

Provisions are recorded to reflect the estimated closure costs of identified underperforming retail stores and other restructuring. The associated costs are forecast to be incurred over a period of two years.

6. Statutory accounts and basis of preparation of half-year financial statements

Reporting entity

French Connection Group PLC (the "Company") is a company domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. These financial statements are presented in millions of pounds sterling rounded to the nearest one decimal place. These condensed consolidated half-year financial statements of the Company as at and for the six months ended 31 July 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

The consolidated financial statements of the Group as at and for the year ended 31 January 2015 are available upon request from the Company's registered office at 20-22 Bedford Row, London WC1R 4JS or can be found on the Group website *www.frenchconnection.com*.

Principal activities

The principal activity of the Group is the international retailing and wholesaling of branded fashion clothing and accessories and the licensing of its brands.

Statement of compliance

These condensed consolidated half-year financial statements have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the EU.

As required by the Disclosure and Transparency Rules ("the DTR") of the Financial Conduct Authority, the condensed consolidated half-year financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 January 2015, which were prepared in accordance with IFRS as adopted by the EU.

These condensed consolidated half-year financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on *Review of Interim Financial Information*. The comparative figures for the year ended 31 January 2015 are not the Company's statutory accounts for that period. Those accounts have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

NOTES TO THE HALF-YEAR STATEMENT

6. Statutory accounts and basis of preparation of half-year financial statements (continued)

The Board of Directors approved the condensed consolidated half-year financial statements on 21 September 2015.

Significant accounting policies
The accounting policies applied by the Group in these condensed consolidated half-year financial statements are the same as those that applied to the consolidated financial statements of the Group for the year ended 31 January 2015, except for adoption of the following:

– Improvements to IFRSs (2010-2012)
– Improvements to IFRSs (2011-2013)

There is no material impact on this interim financial report as a result of adopting these new standards.

The following accounting standards, interpretations and amendments that are applicable to the Group have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union at 31 July 2015:

– IFRS 9, 'Financial instruments'
– IFRS 15, 'Revenue from Contracts with Customers'
– Amendments to IAS 1, 'Disclosure Initiative'
– Amendments to IAS 16 and 38, 'Clarification of Acceptable Methods of Depreciation and Amortisation'
– Amendments to IAS 27, 'Equity Method in Separate Financial Statements'
– Improvements to IFRSs (2012-2014)

The Group does not expect the above standards to have a material impact on the Group results.

Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework
Following the publication of FRS 100 Application of Financial Reporting Requirements by the Financial Reporting Council, French Connection Group PLC is required to change its accounting framework for its entity financial statements for its financial year commencing 1 February 2015. The Board considers that it is in the best interests of the Company for French Connection Group PLC to adopt FRS 101 Reduced Disclosure Framework for the period ended 31 January 2016. As permitted by FRS 101, the Company has taken advantage of certain disclosure exemptions available under that standard where required, equivalent disclosures are given in the consolidated group accounts of French Connection Group PLC. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101. A Board resolution was passed at the AGM in May 2015.

Key sources of estimation uncertainty
In applying the accounting policies, management has made appropriate estimates in many areas, and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 January 2015.

NOTES TO THE HALF-YEAR STATEMENT

6. Statutory accounts and basis of preparation of half-year financial statements (continued)

Principal risks and uncertainties
Like all retailers we are susceptible to volatility in the propensity of consumers to spend, which is affected by macro-economic issues. As a wholesaler, we also face the risk of default from our customers and manage this through active relationship management by our dedicated customer accounts team.

The Group maintains a positive net cash balance throughout the year and we are conscious to manage the Group's working capital effectively.

The Group's approach to the management of risks were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 January 2015. The Board confirms that there are ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group. There has been no change since the year end to the major risks faced by the Group.

Related party transactions
In the six months to 31 July 2015, there were no material changes in related parties or related party transactions. The Group's related party transactions and relationships were disclosed in the Notes to the Annual Report for the year ended 31 January 2015. All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

Going concern
The Group has considerable cash resources, ending the half-year with £15.0m and with a minimum Group cash balance during the period of £10.4m. The Group has no debt.

Having reviewed the cash forecasts and the sources of cash funding available to the Group, the Board has concluded that the Group has a reasonable expectation to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the accounts.

NOTES TO THE HALF-YEAR STATEMENT

7. Retail locations

		31 July 2015		31 January 2015		31 July 2014	
		Locations	sq ft	Locations	sq ft	Locations	sq ft
Operated locations							
UK/Europe							
French Connection	Stores	**61**	**179,896**	62	183,358	64	190,649
French Connection/Great Plains	Concessions	**56**	**36,308**	55	35,363	50	33,576
Toast	Stores	**11**	**13,425**	11	13,425	12	15,384
YMC	Stores	**2**	**1,355**	2	1,355	2	1,355
Total UK/Europe		**130**	**230,984**	130	233,501	128	240,964
North America							
French Connection US	Stores	**5**	**17,047**	6	19,719	6	19,941
French Connection Canada	Stores	**5**	**12,625**	7	18,125	8	21,125
Total North America		**10**	**29,672**	13	37,844	14	41,066
Total operated locations		**140**	**260,656**	143	271,345	142	282,030
French Connection licensed and franchised							
UK/Europe		**6**	**7,527**	7	8,527	7	7,994
North America		**1**	**2,000**	1	2,000	1	2,000
Middle East		**10**	**19,402**	9	17,895	9	17,895
Australasia		**102**	**87,656**	74	75,544	73	74,325
Hong Kong		**7**	**11,732**	8	12,892	5	6,062
China		**28**	**34,722**	27	31,959	20	31,336
India		**80**	**44,856**	89	47,712	108	59,468
Other		**20**	**16,812**	35	32,347	35	31,202
Total licensed and franchised locations		**254**	**224,707**	250	228,876	258	230,282
Total branded locations		**394**	**485,363**	393	500,221	400	512,312