**15 March 2016**

# FRENCH CONNECTION GROUP PLC

**Preliminary Results for the year ended 31 January 2016**

French Connection Group PLC ("French Connection" or "the Group") today announces results for its financial year ended 31 January 2016.

**Highlights:**

- Underlying operating loss* of £(4.7)m (2015: £(0.8)m) largely due to the disappointing trading performance during the first half of the year but with a significant improvement in the second half
- Group revenue of £164.2m, down 8.0% on a reduced retail store portfolio, with 13 non-contributing stores closed during the year, and poor LFLs
- Composite gross margin of 46.3% (2015: 46.7%) reflecting the higher mix of wholesale sales within Group revenue
- Another very good performance in Licensing with income up to £7.3m (2015: £6.5m)
- Closing net cash of £14.0m (2015: £23.2m) and no debt
- Continued stronger performance in the first 6 weeks of the new financial year

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

"Overall the performance for the year has been disappointing due to the very poor first half but the improvement we have seen during the second half and into the new financial year shows that we are definitely moving in the right direction.

The reaction to this year's collections has been strong so far showing that we are on track. We are early in the year and have a considerable amount of work to do to take the Group back to profitability although I believe that the actions we have taken to date will go a long way to taking us there."

*excludes profit/loss on store disposals and closures

| | | | |
|---|---|---|---|
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# CHAIRMAN'S STATEMENT

Dear Shareholders

As reported in September, we went through a very difficult trading period during the first half of the financial year with the disappointing sales of the Spring 15 collection, however we have seen a reversal during the second half of the year and performance has considerably improved. The underlying operating loss* for the year was £(4.7)m (2015: £(0.8)m) but all of the increased loss occurred during the poor first half of the year with a profit in the second half.

Significantly we saw a return to growth in our UK/Europe retail division in the second half of the year with sales up 6.0% during the full price sales period. In addition as part of our ongoing strategy to reduce the level of discounting we promoted less during the main season and moved the start of the Winter sale back closer to Christmas. We also achieved very strong growth in licensing and maintained the ongoing tight control of overheads, despite some upward pressure from rent reviews during the year. We continued the reduction of the store base with 13 non-contributing stores closed during the year.

The changes in both the design and merchandising areas that we put in place to improve performance during the year have made a significant difference. We continue to see a similar improvement in performance during the early part of the new year and expect the impact of the changes to build.

**Retail**

After the poor first half of the year, I was pleased with the second half UK/Europe retail performance although we still have a lot more to do. From the initial launch of the Winter collection, sales improved and this continued throughout the period. The 6.0% increase in full price sales was offset by the reduced sales period and a drag on overall sales due to the continued poor performance of Summer product early in the period. Overall for the full year the UK/Europe LFL was -6.4% impacted directly by the poor first half performance.

Retail revenue overall decreased by 10.6% to £92.4m (10.0% at constant currency) predominantly due to the LFL performance and the further 13 non-contributing stores closed during the year (6 UK/Europe and 7 North America), offset by opening 4 new outlet stores. The plan to rationalise the store portfolio will continue during the current year with a number of stores closing including the previously announced Regent Street store which will close later in March at which point we will receive £2.4m as a statutory compensation payment. The average lease length of the remaining UK/Europe stores is 4.0 years (2015: 4.4 years).

Gross margins were stable during the year at 57.3% (2015: 57.2%) which represents a very good performance in the second half of the year as at the half-year the margin was down by 1.2%. This reflects the increased full price trading, shorter discount periods and an increase in the input margin for the Winter season. Underlying expenses, adjusting for store closures, increased by 0.6% with increases from rent reviews during the year offset by ongoing tight management of costs.

Ecommerce represents 23% of the retail revenue, flat on last year, and although the business suffered similarly during the first half we saw a good performance in the second half. During the second half of the year we implemented a new CRM system to enable us to communicate better with our customers through a more personalised approach. We have already started to see the benefits of this feed through and expect this to increase during the current year. Mobile and tablet sales continue to be an important part of our sales with 48% being on these devices.

**Wholesale**

Revenue in the year was down 4.5% to £71.8m (7.0% at constant currency). Revenue was again impacted by the poor product performance particularly in North America as the department store orders for Winter reflected the lower sell through achieved in the first half of the year. UK/Europe revenue however was up during the year by 1.6%.

Gross margins are broadly flat on last year at 32.2%. Costs were again tightly controlled and in constant currency terms lower than last year.

The Summer 16 orders are ahead of this time last year with in season business received since the start of the new financial year well up on last year. The initial reaction to the Winter 16 collection from customers has been very positive and although we are only part of the way through the selling period this is a good indicator.

**Licensing**

Licence income was £7.3m (2015: £6.5m) reflecting a very good performance over the year. Within this DFS continued to grow very strongly and we extended our agreement with them for another 5 years during the year. Some of the other newer arrangements also performed well and the core established deals maintained their volumes. We continue to search for other product categories which we believe will enhance or improve on our current portfolio.

**Group**
Underlying operating expenses, adjusted for store closures and currency movements, were slightly down on last year, reflecting some reduction in costs across the Group, offset by some additional cost from rent reviews in the year. Looking forward there will continue to be some upward pressure on costs specifically in relation to rental costs and the living wage.

The profit on disposal of stores during the year in respect of the Regent Street store net of provisions for the closure of other non-contributing stores was £1.2m (2015: loss of £(0.8)m).

The Group remains debt free and ended the year with a positive cash position of £14.0m (2015: £23.2m), reflecting the impact of the poor trading. Consequently the Board has decided again that there will be no dividend payable for the year.

I am also pleased to announce the appointment to the Board of Lee Williams as Group Finance Director and Christos Angelides as an Independent Non-Executive Director, both of whom bring significant retail experience to the Board. Further details are included in a separate announcement released this morning.

Overall the performance for the year has been disappointing due to the very poor first half but the improvement we have seen during the second half and into the new financial year shows that we are definitely moving in the right direction. The reaction to this year's collections has been strong so far showing that we are on track. We are early in the year and have a considerable amount of work to do to take the Group back to profitability although I believe that the actions we have taken to date will go a long way to taking us there.

Finally I would like to take the opportunity to thank all our staff for the effort and dedication they have put into the business and hope that we will see the benefits of that in the near future.

**Stephen Marks**
Chairman and Chief Executive
15 March 2016

*excludes profit/loss on store disposals and closures

# FINANCIAL REVIEW

**Financial results overview**
As highlighted in the Interim Statement, the Spring 15 performance was disappointing and as a result, the Group underlying operating loss for the full year ended 31 January 2016 increased to £(4.7)m (2015: loss of £(0.8)m). After taking into account the cost of store disposals and closures the total loss before tax was £(3.5)m (2015: loss of £(1.6)m). Net store disposal proceeds of £1.2m (2015: £(0.8)m costs) include accrued income receivable from the closure of Regent Street due in March 2016.

We closed 13 non-contributing stores during the year (6 in UK/Europe and 7 in North America) and have made operational and personnel changes across both design and merchandising which have resulted in an improved performance in the second half.

**Revenue**
Total 2016 revenue was 8.0% lower than 2015 (-8.7% at constant currency). This decline was due to a combination of store closures, poor retail performance in the first half and the decline in North America wholesale.

**Gross margin**
Composite gross margin was slightly reduced at 46.3% (2015: 46.7%) reflecting the higher mix of wholesale sales within Group revenue.

**Retail**
Group retail revenues of £92.4m were 10.6% lower than the prior year (-10.0% at constant currency). The decline in revenue was primarily due to the closure of 13 non-contributing stores and negative LFLs in H1.

UK/Europe LFLs finished the year at -6.4% with a significant improvement in performance in the second half (LFL -2.4% H2, -10.7% H1). This reflects an increase in full price selling offset by a change in promotional activity as well as improvements from changes in design and merchandising put in place in the first half.

The retail gross margin of 57.3% (2015: 57.2%) reflected an overall improvement. The second half margin increased 110 basis points due to improved input margin, increased full price selling and shorter discounting periods.

The retail underlying loss of £(15.6)m was a decline of £(4.3)m compared to prior year. This decline was predominantly due to the poor performance of the retail division in H1.

Ecommerce sales represent 23% of total Group retail sales, in line with 2015.

**Wholesale**
Group wholesale revenues of £71.8m were 4.5% lower than prior year (-7.0% at constant currency), with UK/Europe revenue up as North America and Rest of World remain challenging. The wholesale gross margin of 32.2% was broadly flat reflecting a 200 basis point improvement in North America margin offset by higher discounting to clear inventory in UK/Europe. Costs were well controlled and reduced by 1.3% on a constant currency basis. Overall wholesale underlying operating performance was a £13.3m profit (2015: £14.6m).

**Geographical analysis**
The geographical revenue break-down is largely unchanged with UK/Europe representing 74% of Group revenues (2015: 72%). The combination of Retail and Wholesale in UK/Europe led to a decline of £(2.4)m in divisional operating contribution with North America results also reducing to £1.8m (2015: £2.5m).

**Other Income**
The net income received from Global licensing was £7.3m in the year (2015: £6.5m) with strong growth from the furniture licence with DFS which has been extended for a further 5 years.

**Operating expenses**
Total Group operating expenses of £87.6m were 3.5% lower than last year. After adjusting for store closures and currency, operating expenses were 0.2% lower than last year with upward pressure from rent reviews offset by ongoing tight management of costs. We will continue to maintain tight control of overheads although expect some inflationary pressure from rent reviews and living wage.

**Balance sheet and cash flow**
The Group balance sheet at 31 January 2016 remains strong with £14.0m of cash (2015: £23.2m), no bank borrowings and a minimum cash position during the year of £6.1m (2015: £7.6m).

The trading operations of the Group consumed cash of £7.4m (2015: £3.0m) primarily due to the increased underlying trading losses in the year. Working capital outflow, comprising the net movement in inventories, trade receivables and trade payables, increased to £4.0m (2015: £3.4m).

# FINANCIAL REVIEW

Capital expenditure of £0.8m (2015: £1.1m) includes expenditure on new retail locations, website platform investment, and warehouse capabilities. In the year the restructuring costs of closing under-performing stores was £0.5m. We continue to target the closure of non-contributing stores and expect another 3 to 4 to close in the current year in UK/Europe.

**Taxation**

The tax charge for the year of £Nil (2015: £Nil) represents the net impact of a reduction in the tax payable on deferred capital gains less the tax payable on current profits generated in Hong Kong and the US (as reduced by past losses). The Group has unused tax trading losses with a potential value of £14.2m, of which £13.0m has not been recognised in these financial statements. As the Group returns to profit, these tax losses can be utilised.

**Dividends**

The Board of Directors remain of the view that the business is best served by retaining current cash reserves to support the turnaround of the business, and therefore do not recommend the payment of a dividend. The Board intend to keep the shareholder distribution policy under close review during the year.

**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.

By order of the Board

**Neil Williams**
**Chief Operating Officer**
15 March 2016

# FINANCIAL REVIEW

| Segment revenue and results | 2016 £m | 2015 £m |
|---|---|---|
| **Revenue** | | |
| Retail | **92.4** | 103.3 |
| Wholesale | **71.8** | 75.2 |
| **Group revenue** | **164.2** | 178.5 |
| **Gross profit** | **76.0** | 83.4 |
| Retail | **57.3%** | 57.2% |
| Wholesale | **32.2%** | 32.3% |
| **Group gross margin** | **46.3%** | 46.7% |
| **Underlying operating (loss)/profit** | | |
| Retail | **(15.6)** | (11.3) |
| Wholesale | **13.3** | 14.6 |
| Licence income | **7.3** | 6.5 |
| Common and Group overheads | **(9.3)** | (10.7) |
| Finance income | **-** | 0.1 |
| Share of loss from joint ventures | **(0.4)** | - |
| **Underlying Group operating loss*** | **(4.7)** | (0.8) |
| **Underlying operating margin** | | |
| Retail | **(16.9)%** | (10.9)% |
| Wholesale | **18.5%** | 19.4% |
| **Underlying Group operating margin** | **(2.9)%** | (0.4)% |

| Geographical information | 2016 £m | 2015 £m |
|---|---|---|
| **Revenue** | | |
| UK/Europe | **74%** | 72% |
| North America | **21%** | 23% |
| Rest of the World | **5%** | 5% |
| **Divisional operating (loss)/profit** | | |
| UK/Europe | **(2.8)** | (0.4) |
| North America | **1.8** | 2.5 |
| Rest of the World | **0.1** | 0.9 |
| Group overheads and finance income | **(3.8)** | (3.8) |
| **Underlying Group operating loss*** | **(4.7)** | (0.8) |

*excludes net gain/(loss) on store disposals and closures

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 January 2016

| | Note | 2016 £m | 2015 £m |
|---|---|---|---|
| Revenue | 2 | **164.2** | 178.5 |
| Cost of sales | | **(88.2)** | (95.1) |
| **Gross profit** | 2 | **76.0** | 83.4 |
| Operating expenses | | **(87.6)** | (90.8) |
| Other operating income | 3 | **7.3** | 6.5 |
| Finance income | | **-** | 0.1 |
| Share of loss of joint ventures, net of tax | | **(0.4)** | - |
| **Underlying operating loss** | | **(4.7)** | (0.8) |
| Net gain/(loss) on store disposals and closures | | **1.2** | (0.8) |
| **Loss before taxation** | | **(3.5)** | (1.6) |
| **Taxation** | | **-** | - |
| **Loss for the year** | | **(3.5)** | (1.6) |

The Group's results were entirely from continuing operations.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 January 2016
(continued)

| | Note | 2016 £m | 2015 £m |
|---|---|---|---|
| **Loss for the year** | | **(3.5)** | (1.6) |
| **Other comprehensive income** | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Currency translation differences for overseas operations | | **1.7** | 2.0 |
| Currency translation differences on foreign currency loans, net of tax | | **(0.4)** | (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 | | **-** | 0.5 |
| **Other comprehensive income for the year, net of tax** | | **1.3** | 1.7 |
| **Total comprehensive income for the year** | | **(2.2)** | 0.1 |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | **(3.3)** | (1.5) |
| Non-controlling interests | | **(0.2)** | (0.1) |
| **Loss for the year** | | **(3.5)** | (1.6) |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **(2.0)** | 0.2 |
| Non-controlling interests | | **(0.2)** | (0.1) |
| **Total income and expense recognised for the year** | | **(2.2)** | 0.1 |
| **Losses per share** | | | |
| Basic and diluted losses per share | 5 | **(3.4)p** | (1.6)p |

The Group's results were entirely from continuing operations.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2016

| | 2016 £m | 2015 £m |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets | **0.4** | 0.4 |
| Property, plant and equipment | **3.0** | 3.9 |
| Investments in joint ventures | **3.5** | 3.1 |
| Deferred tax assets | **4.9** | 4.8 |
| **Total non-current assets** | **11.8** | 12.2 |
| **Current assets** | | |
| Inventories | **36.2** | 35.5 |
| Trade and other receivables | **28.4** | 23.5 |
| Cash and cash equivalents | **14.0** | 23.2 |
| Derivative financial instruments | **0.3** | 0.3 |
| **Total current assets** | **78.9** | 82.5 |
| **Total assets** | **90.7** | 94.7 |
| **Non-current liabilities** | | |
| Deferred tax liabilities | **-** | 0.2 |
| **Total non-current liabilities** | **-** | 0.2 |
| **Current liabilities** | | |
| Trade and other payables | **35.0** | 36.5 |
| Current tax payable | **-** | 0.2 |
| Provisions | **1.1** | 1.0 |
| **Total current liabilities** | **36.1** | 37.7 |
| **Total liabilities** | **36.1** | 37.9 |
| **Net assets** | **54.6** | 56.8 |
| **Equity** | | |
| Called-up share capital | **1.0** | 1.0 |
| Share premium account | **9.6** | 9.6 |
| Other reserves | **7.3** | 6.0 |
| Retained earnings | **36.1** | 39.4 |
| **Total equity attributable to equity holders of the Company** | **54.0** | 56.0 |
| **Non-controlling interests** | **0.6** | 0.8 |
| **Total equity** | **54.6** | 56.8 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | 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 year ended 31 January 2015** | | | | | **(1.5)** | **(1.5)** | **(0.1)** | **(1.6)** |
| **Other comprehensive income** | | | | | | | | |
| Currency translation differences for overseas operations | | | | 2.0 | | **2.0** | | **2.0** |
| Currency translation differences on foreign currency loans, net of tax | | | | (0.6) | | **(0.6)** | | **(0.6)** |
| Currency translation differences transferred to profit and loss, net of tax | | | | (0.2) | | **(0.2)** | | **(0.2)** |
| Effective portion of changes in fair value of cash flow hedges | | | 0.5 | | | **0.5** | | **0.5** |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Share options exercised | | 0.2 | | | | **0.2** | | **0.2** |
| **Balance at 31 January 2015** | **1.0** | **9.6** | **0.3** | **5.7** | **39.4** | **56.0** | **0.8** | **56.8** |
| **Loss for the year ended 31 January 2016** | | | | | **(3.3)** | **(3.3)** | **(0.2)** | **(3.5)** |
| **Other comprehensive income** | | | | | | | | |
| Currency translation differences for overseas operations | | | | 1.7 | | **1.7** | | **1.7** |
| Currency translation differences on foreign currency loans, net of tax | | | | (0.4) | | **(0.4)** | | **(0.4)** |
| Effective portion of changes in fair value of cash flow hedges | | | - | | | **-** | | **-** |
| **Balance at 31 January 2016** | **1.0** | **9.6** | **0.3** | **7.0** | **36.1** | **54.0** | **0.6** | **54.6** |

**Translation reserve**
The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of foreign currency loans.

**Hedging reserve**
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 January 2016

| | 2016 £m | 2015 £m |
|---|---|---|
| **Operating activities** | | |
| Loss for the period | **(3.5)** | (1.6) |
| Adjustments for: | | |
| Depreciation and impairment | **1.6** | 1.6 |
| Finance income | **-** | (0.1) |
| Share of loss of joint ventures | **0.4** | - |
| Non-operating (profit)/loss on store disposals and closures | **(1.4)** | 0.8 |
| **Operating cash flows before changes in working capital and provisions** | **(2.9)** | 0.7 |
| (Increase)/decrease in inventories | **(0.5)** | 3.3 |
| Increase in trade and other receivables | **(2.1)** | (0.5) |
| Decrease in trade and other payables | **(1.4)** | (6.2) |
| **Cash flows from operations** | **(6.9)** | (2.7) |
| Income tax paid | **(0.5)** | (0.3) |
| **Cash flows from operating activities** | **(7.4)** | (3.0) |
| **Investing activities** | | |
| Interest received | **-** | 0.1 |
| Net (costs)/proceeds from investments in joint ventures | **(0.5)** | 0.2 |
| Acquisition of property, plant and equipment | **(0.8)** | (1.1) |
| Net costs from store closures | **(0.5)** | (1.4) |
| **Cash flows from investing activities** | **(1.8)** | (2.2) |
| **Financing activities** | | |
| Proceeds from exercise of share options | **-** | 0.2 |
| **Cash flows from financing activities** | **-** | 0.2 |
| **Net decrease in cash and cash equivalents** | **(9.2)** | (5.0) |
| Cash and cash equivalents at 1 February | **23.2** | 28.2 |
| Exchange rate fluctuations on cash held | **-** | - |
| **Cash and cash equivalents at 31 January** | **14.0** | 23.2 |

## 1 Basis of preparation

**Consolidated financial statements and accounting policies**

The preliminary announcement for the year ended 31 January 2016 has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the European Union (EU) at 31 January 2016. The annual financial information presented in the preliminary announcement for the year ended 31 January 2016 is based on, and is consistent with, that in the Group's audited Financial Statements for the year ended 31 January 2016, and those Financial Statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on those Financial Statements is unqualified and does not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

These consolidated financial statements have been prepared using the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies.

**Statutory accounts**

Information in this preliminary announcement does not constitute statutory accounts of French Connection Group and its subsidiaries ("the Group") within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 January 2015 have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The Group's Annual Report for the year ended 31 January 2016 will be made available in due course and will be available for viewing and download from the Group's website at www.frenchconnection.com. The Annual Report will be circulated in printed form to shareholders in the second week of April 2016.

## 2 Operating segments

### Segment revenue and results

| Income Statement | 2016 £m | 2015 £m |
|---|---|---|
| **Revenue** | | |
| Retail | **92.4** | 103.3 |
| Wholesale | **71.8** | 75.2 |
| **Group revenue** | **164.2** | 178.5 |
| **Gross profit** | **76.0** | 83.4 |
| Retail | **57.3%** | 57.2% |
| Wholesale | **32.2%** | 32.3% |
| **Group gross margin** | **46.3%** | 46.7% |
| **Underlying operating (loss)/profit** | | |
| Retail | **(15.6)** | (11.3) |
| Wholesale | **13.3** | 14.6 |
| Licence income | **7.3** | 6.5 |
| Common and Group overheads | **(9.3)** | (10.7) |
| Finance income | **-** | 0.1 |
| Share of loss from joint ventures | **(0.4)** | - |
| **Underlying Group operating loss*** | **(4.7)** | (0.8) |
| **Underlying operating margin** | | |
| Retail | **(16.9)%** | (10.9)% |
| Wholesale | **18.5%** | 19.4% |
| **Underlying Group operating margin** | **(2.9)%** | (0.4)% |

### Geographical information

| | 2016 £m | 2015 £m |
|---|---|---|
| **Revenue** | | |
| UK/Europe | **74%** | 72% |
| North America | **21%** | 23% |
| Rest of the World | **5%** | 5% |
| **Divisional operating (loss)/profit** | | |
| UK/Europe | **(2.8)** | (0.4) |
| North America | **1.8** | 2.5 |
| Rest of the World | **0.1** | 0.9 |
| Group overheads and finance income | **(3.8)** | (3.8) |
| **Underlying Group operating loss*** | **(4.7)** | (0.8) |

*excludes net gain/(loss) on store disposals and closures

**3 Other operating income**

| | **2016 £m** | 2015 £m |
|---|---|---|
| Licensing income | **7.3** | 6.5 |

**4 Dividends - equity**

The Board is proposing that no dividend should be paid for the year (2015: £Nil). No dividends were paid during the year to the minority shareholders of a subsidiary undertaking of the Group (2015: £Nil).

**5 Losses per share**

Basic and diluted losses per share are calculated on 96,216,764 (2015: 96,119,892) shares being the weighted average number of ordinary shares during the year.

Basic and diluted losses per share of (3.4) pence per share (2015: losses of (1.6) pence) is based on losses of £(3.3)m (2015: losses of £(1.5)m) attributable to equity shareholders.

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

| | **2016 £m** | **2016 pence per share** | 2015 £m | 2015 pence per share |
|---|---|---|---|---|
| Loss attributable to equity shareholders | **(3.3)** | **(3.4)p** | (1.5) | (1.6)p |
| Net (gain)/loss on store disposals and closures | **(1.2)** | **(1.3)p** | 0.8 | 0.9p |
| **Adjusted loss** | **(4.5)** | **(4.7)p** | (0.7) | (0.7)p |

The adjusted losses per share relates to the underlying operations and in the opinion of the Directors, gives a better measure of the Group's underlying performance than the basic losses per share.

# RETAIL LOCATIONS

**Retail locations**

| | | **31 January 2016** | | 31 January 2015 | |
|---|---|---|---|---|---|
| | | **Locations** | **sq ft** | Locations | sq ft |
| **Operated locations** | | | | | |
| **UK/Europe** | | | | | |
| French Connection | Stores | **60** | **169,370** | 62 | 183,358 |
| French Connection/Great Plains | Concessions | **54** | **35,491** | 55 | 35,363 |
| Toast | Stores | **11** | **13,105** | 11 | 13,425 |
| YMC | Stores | **2** | **1,355** | 2 | 1,355 |
| | | **127** | **219,321** | 130 | 233,501 |
| **North America** | | | | | |
| French Connection US | Stores | **4** | **14,021** | 6 | 19,719 |
| French Connection Canada | Stores | **2** | **4,650** | 7 | 18,125 |
| | | **6** | **18,671** | 13 | 37,844 |
| **Total operated locations** | | **133** | **237,992** | 143 | 271,345 |
| **French Connection licensed and franchised** | | | | | |
| UK/Europe | | **6** | **6,544** | 7 | 8,527 |
| North America | | **1** | **2,000** | 1 | 2,000 |
| Middle East | | **10** | **19,402** | 9 | 17,895 |
| Australia | | **143** | **106,775** | 74 | 75,544 |
| Hong Kong | | **8** | **11,859** | 8 | 12,892 |
| China | | **19** | **29,191** | 27 | 31,959 |
| India | | **80** | **44,233** | 89 | 47,712 |
| Other | | **21** | **16,863** | 35 | 32,347 |
| **Total licensed and franchised locations** | | **288** | **236,867** | 250 | 228,876 |
| **Total branded locations** | | **421** | **474,859** | 393 | 500,221 |