

**S&U PLC**

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

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2016**

S&U, the motor finance and specialist lender, today announces its interim results for the six months ending 31 July 2016.

**Financial Highlights**

- Revenue up 39% to £28.3m (H1 15: £20.4m)
- Profit before taxation up 35% to £11.9m (H1 15: £8.8m)
- Basic earnings per share up 36% to 79.2p (H1 15: 58.3p)
- First interim dividend increased by 20% to 24.0p per ordinary share (2015: 20.0p)

**Operational Highlights**

- Record first half motor finance advances at Advantage Finance – up 54% on H1 15.
- Motor finance collections and debt quality continue at near historical highs.
- Post period end increased total funding facilities to £85m which together with 29% group gearing (2015: 45%) give significant headroom for organic expansion and new initiatives.
- 100,000<sup>th</sup> motor finance deal milestone achieved by Advantage.
- Pilot launch announced of a property bridging finance operation.

Anthony Coombs, Chairman of S&U, commented:

“A further half-year’s successful trading and a robust financial position, provide a solid springboard for sustained growth in the year ahead.”

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## **Chairman's Statement**

The past six months have seen the continued development and growth in the record profitability of S&U plc; and in particular of Advantage Finance, our Grimsby based motor finance operation. The Group's strong treasury position has enabled it to invest a further £23.3m in Advantage, where capital receivables from customers have reached £200m for the first time. Despite this investment, Group gearing remains at a historically low 29%, thus leaving significant headroom both to finance record levels of Advantage transaction growth, and the planned piloting of a new venture in the specialist property finance sector, foreshadowed in my statement at the year end.

All this has been achieved over a period of febrile political economy, with a change of government and some market volatility following the historic Brexit vote. Much of the market turmoil was apparently the result of predictions made by certain doomsayers during the course of the Brexit debate.

Fortunately the real world appears to have had other ideas. Recent figures on the manufacturing and service sectors, economic growth generally and consumer confidence provide grounds for optimism. In particular, a buoyant new car market reflects a robust labour market and has resulted in excellent levels of demand for used vehicles. Advantage has seen this evidenced by a record level of applications which are 58% up on last year. Indeed, August saw Advantage achieve the remarkable milestone of 100,000 finance deals throughout its history.

The Group's half year results demonstrate our ability to consistently meet this demand. Half-year group profit before tax is £11.9m, a 35% increase on last year. Earnings per share are up a similar percentage at 79.2p (H1 15: 58.3p); Group revenue has grown by 39% to £28.3m and net assets have reached £131.2m.

### **Dividend**

In pursuit of our goal of rewarding shareholders for the Group's results whilst aiming in the longer term for a twice covered dividend, your Board has decided to increase the first interim dividend to 24p per ordinary share (2015: 20p). This will be paid on the 11 November 2016 to ordinary shareholders on the register on the 21 October 2016. As usual, the payment dates for our second dividend will be on 10 March 2017 and that for our final dividend will be 7 July 2017.

### **Operational Review**

#### **Motor Finance**

Advantage Finance has continued its remarkable history of steady and sustainable growth. For the 17<sup>th</sup> successive year, profits increased in the first half to £11.9m (H1 15: £9.7m) an increase of 22% on last year. Moreover, the health of the market and Advantage's increasing success within it are demonstrated by record new motor advances in the first half as new customers exceed 10,000 for the first time, an increase of 54% on 2015. This trend has continued early into the second half year and live customer numbers today exceed 40,000, over a third higher than last year.

These trends will feed through to profit growth as collections quality continues at high levels. Whilst our rolling 12 months impairment to revenue percentage has increased from 16.9% at 31 July 2015 to 17.7% at 31 July 2016, this slightly higher percentage is still consistent with the excellent quality we have experienced post 2008 and is within our expected outcomes. In order to consolidate Advantage's success, we continue to refine and improve our underwriting, our speed of service, the depth and breadth of our broker network and our excellent collection service. All will contribute to the continued prosperity of the business in the years to come.

#### **Funding**

Our confidence in both the present and the future for Advantage has meant a further £23.3m investment in Advantage. Group borrowing at the half year is £38m, our gearing is still just 29% (2015:45%), and after the period end the Group has agreed a £15m increase in our committed funding facilities, which are now £85m. This gives the Group substantial headroom to fund both future organic growth and new initiatives.

#### **Current Trading and Outlook**

Current trading and debt quality remain excellent and, aligned to our robust treasury position, provide a firm springboard for future growth. This will in the main be spearheaded by Advantage Finance; nevertheless preparations are being made for the measured launch of a pilot secured bridging finance business. Whilst we see significant potential in this specialist sector, we will of course pilot bridging finance with our usual caution and exacting standards.

Whatever the outcome, we confidently anticipate S&U's future development as one of Britain's most successful niche motor and specialist finance providers.

**Anthony Coombs**  
**Chairman**  
**26 September 2016**

## **INTERIM MANAGEMENT REPORT**

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

### **ACTIVITIES**

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

### **BUSINESS REVIEW, RESULTS AND DIVIDENDS**

A review of developments during the six months together with key performance indicators and future prospects is detailed in the Chairman's Statement.

In September 2016 the Group agreed a new £40m revolving credit facility which is due to mature in March 2021 – this replaces existing £25m revolving credit facilities which were due to mature in March 2018. There are no other significant post balance sheet events to report.

The Group's profit on ordinary activities after taxation from continuing operations was £9,453,000 (2015: £6,926,000) and from both continuing and discontinued operations was £9,453,000 (2015: £60,617,000 including the profit on disposal of the home credit business). Dividends of £6,693,000 (2015: £5,827,000) were paid during the period.

The Directors recommend a first interim dividend of 24.0p per share (2015: 20.0p plus exceptional additional dividend of 125.0p from the proceeds of the home credit disposal). The dividend will be paid on 11 November 2016 to shareholders on the register on 21 October 2016.

### **RELATED PARTY TRANSACTIONS**

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

### **DIRECTORS' REMUNERATION**

During the six months the Remuneration Committee reviewed the current year remuneration package of Guy Thompson. Taking into account retention and motivation considerations, wider director remuneration trends and Guy's contribution to the excellent performance of Advantage Finance in the first half of this year it was decided to increase Guy Thompson's base salary from £320,000 to £360,000 with effect from 1 July 2016. It was also decided to increase Guy's maximum bonus potential for 2016/17 to £150,000 (the maximum potential was previously £100,000). A further longer term bonus of up to £50,000 has been awarded and will be paid in two years' time subject to the achievement of stretching performance conditions in both 2016/17 and the following year. These changes are within the existing Remuneration Policy which was approved by shareholders with a binding vote on 20 May 2014.

### **SHARE OPTION SCHEMES**

During the six months, under the S&U Plc 2010 Long-Term Incentive Plan ("LTIP"), no options were awarded or lapsed. 18,667 options were exercised during the six months. 187,668 share options are still held under this plan as at 31 July 2016 (31 July 2015: 241,835 options and 31 January 2016: 206,335 options).

During the six months no options lapsed and no options were awarded under the S&U Plc 2008 Discretionary Share Option Plan ("DSOP"). 1,500 share options were exercised during the six months resulting in 1,050 share options still held under this plan as at 31 July 2016 (31 July 2015: 7,000 options and 31 January 2016: 2,550 options).

In the six months to 31 July 2016 the charge for these future share-based payments was £204,000 (2015: £343,000).

### **CHANGES IN ACCOUNTING POLICIES**

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

### **CHANGES IN CONTINGENCIES**

There have been no significant changes in contingent assets or liabilities since 31 January 2016.

## **STATEMENT OF GOING CONCERN**

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group is involved in the provision of consumer credit, and it is considered that the key material risk to which the Group is exposed is the credit risk inherent in amounts receivable from customers. This risk is principally controlled through our credit control policies supported by ongoing reviews for impairment. The value of amounts receivable from customers may also be subject to the risk of a severe downturn in the UK economy which might affect customers' ability to repay. The Group is primarily exposed to the non-prime motor finance sector and within that to the values of used vehicles which are used as security. These economic and concentration risks are principally controlled through our credit control policies including loan to value limits for the security and through ongoing monitoring and evaluation. The Board has also considered the potential impacts of the UK electorate's recent vote to leave the European Union and the future Brexit process; at this stage it is unclear what precise longer term impact these may or may not have on the Group. Advantage, our motor finance business, has traded very well since the vote to leave was announced and historically has prospered through periods of both economic upturn and downturn.

Funding risk relates to the availability of sufficient borrowing facilities for the Group to meet its liabilities as they fall due, and this risk has reduced in line with the reduction in group gearing due to the receipt of the home credit disposal proceeds in August 2015. This funding risk is managed by ensuring that the Group has a variety of funding sources, and by managing the maturity of borrowing facilities such that sufficient funding is available for the medium term. Compliance with banking covenants is monitored closely so that facilities remain available at all times. The Group's activities expose it to the financial risks of changes in interest rates and where appropriate the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings – no such interest rate derivative contracts are currently held.

In terms of legal risk, the Group is subject to legislation including consumer credit legislation which contains very detailed and highly technical requirements. The Group has procedures in place and employs dedicated compliance resource and specialist legal advisers to ensure compliance with this legislation. As required as part of the standard FCA full permission regime, Advantage Finance Limited applied for renewed authorisation in January 2016 and expects to see this confirmed later this year. Regulatory Risk, including this FCA Authorisation Process, is addressed by the constant review and monitoring of Advantage's internal controls and processes. This constant review and monitoring are buttressed by special advice from Trade and other organisations and by the independent work of our internal and statutory auditors.

The Group is also exposed to conduct risk in that it could fail to deliver fair outcomes to its customers which in turn could impact the reputation and financial performance of the Group. The Group principally manages this risk through staff training and motivation (Advantage is an Investor in People) and through detailed monthly monitoring of customer outcomes for compliance and treating customers fairly.

Other operational risks are endemic to any finance business. Rigorous procedures, detailed recovery plans and, above all, sound experience and commercial common sense provide Advantage and the Group with appropriate protection.

**Anthony Coombs**

**Chairman**

**26 September 2016**

## **RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit of S&U plc as required by DTR 4.2.4R;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

**Chris Redford**

**Company Secretary**

**26 September 2016**

## **INDEPENDENT REVIEW REPORT TO S & U PLC**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2016 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor

Birmingham, UK

26 September 2016

**S&U PLC GROUP**  
**CONSOLIDATED INCOME STATEMENT**  
**Six months ended 31 July 2016**

	Note	Unaudited Six months ended 31.7.16 £'000	Unaudited Six months ended 31.7.15 £'000	Audited Financial year ended 31.1.16 £'000
<b>Continuing Operations</b>				
Revenue	2	28,283	20,381	45,182
Cost of sales	3	(11,588)	(7,053)	(16,591)
<b>Gross profit</b>		<b>16,695</b>	<b>13,328</b>	<b>28,591</b>
Administrative expenses		(4,116)	(3,454)	(7,340)
<b>Operating profit</b>		<b>12,579</b>	<b>9,874</b>	<b>21,251</b>
Finance costs (net)		(726)	(1,107)	(1,782)
<b>Profit before taxation</b>	2	<b>11,853</b>	<b>8,767</b>	<b>19,469</b>
Taxation	4	(2,400)	(1,841)	(3,583)
<b>Profit for the period from continuing operations</b>		<b>9,453</b>	<b>6,926</b>	<b>15,886</b>
<b>Profit for the period from discontinued operations</b>	5	<b>-</b>	<b>53,691</b>	<b>53,299</b>
<b>Profit for the period</b>		<b>9,453</b>	<b>60,617</b>	<b>69,185</b>
<b>Earnings per share</b>				
<b>From continuing operations</b>				
Basic	6	79.2p	58.3p	133.6p
Diluted	6	78.5p	57.6p	132.4p
<b>From continuing and discontinued operations</b>				
Basic	6	79.2p	510.3p	581.9p
Diluted	6	78.5p	504.1p	576.5p

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited Six months ended 31.7.16 £000	Unaudited Six months ended 31.7.15 £000	Audited Financial year ended 31.1.16 £000
<b>Profit for the period</b>	9,453	60,617	69,185
<b>Other comprehensive income:</b>			
Actuarial loss on defined benefit pension scheme	-	-	(34)
<b>Total Comprehensive Income for the period</b>	<b>9,453</b>	<b>60,617</b>	<b>69,151</b>

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

**CONSOLIDATED BALANCE SHEET**  
**As at 31 July 2016**

	Note	Unaudited 31.7.16 £'000	Unaudited 31.7.15 £'000	Audited 31.1.16 £'000
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment		1,150	1,090	1,149
Amounts receivable from customers	8	122,697	85,488	102,069
Retirement benefit asset		-	20	-
Deferred Tax		435	308	435
		<u>124,282</u>	<u>86,906</u>	<u>103,653</u>
<b>Current assets</b>				
Amounts receivable from customers	8	51,218	36,955	43,072
Trade and other receivables		692	82,740	580
Cash and cash equivalents		1	2	18,251
		<u>51,911</u>	<u>119,697</u>	<u>61,903</u>
<b>Total assets</b>		<u>176,193</u>	<u>206,603</u>	<u>165,556</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings		(1,955)	(2,559)	(152)
Trade and other payables		(2,166)	(1,595)	(1,632)
Tax liabilities		(2,997)	(3,093)	(3,046)
Accruals and deferred income		(1,385)	(3,309)	(2,020)
		<u>(8,503)</u>	<u>(10,556)</u>	<u>(6,850)</u>
<b>Non current liabilities</b>				
Borrowings		(36,000)	(59,000)	(30,000)
Financial liabilities		(450)	(450)	(450)
		<u>(36,450)</u>	<u>(59,450)</u>	<u>(30,450)</u>
<b>Total liabilities</b>		<u>(44,953)</u>	<u>(70,006)</u>	<u>(37,300)</u>
<b>NET ASSETS</b>				
		<u>131,240</u>	<u>136,597</u>	<u>128,256</u>
<b>Equity</b>				
Called up share capital		1,694	1,685	1,691
Share premium account		2,281	2,215	2,264
Profit and loss account		127,265	132,697	124,301
<b>TOTAL EQUITY</b>		<u>131,240</u>	<u>136,597</u>	<u>128,256</u>

These interim condensed financial statements were approved on behalf of the Board of Directors on 26 September 2016.

Signed on behalf of the Board of Directors

Anthony Coombs

Chris Redford

Directors



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Six months ended 31 July 2016**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 February 2015	1,685	2,215	77,564	81,464
Profit for six month period	-	-	60,617	60,617
Other comprehensive income for period	-	-	-	-
Total comprehensive income for period	-	-	60,617	60,617
Issue of new shares	-	-	-	-
Cost of future share based payments	-	-	343	343
Tax charge on equity items	-	-	-	-
Dividends	-	-	(5,827)	(5,827)
At 31 July 2015	1,685	2,215	132,697	136,597
Profit for six month period	-	-	8,568	8,568
Other comprehensive income for period	-	-	(34)	(34)
Total comprehensive income for period	-	-	8,534	8,534
Issue of new shares	6	49	-	55
Cost of future share based payments	-	-	338	338
Tax charge on equity items	-	-	(5)	(5)
Dividends	-	-	(17,263)	(17,263)
At 31 January 2016	1,691	2,264	124,301	128,256
Profit for six month period	-	-	9,453	9,453
Other comprehensive income for period	-	-	-	-
Total comprehensive income for period	-	-	9,453	9,453
Issue of new shares	3	17	-	20
Cost of future share based payments	-	-	204	204
Tax charge on equity items	-	-	-	-
Dividends	-	-	(6,693)	(6,693)
At 31 July 2016	1,694	2,281	127,265	131,240

**CONSOLIDATED CASH FLOW STATEMENT**  
**Six months ended 31 July 2016**

	Note	Unaudited Six months ended 31.7.16 £'000	Unaudited Six months ended 31.7.15 £'000	Audited Financial Year ended 31.1.16 £'000
<b>Net cash used in operating activities</b>	9	(19,257)	(3,173)	(16,017)
<b>Cash flows (used in)/from investing activities</b>				
Proceeds on disposal of property, plant and equipment		31	1,657	1,685
Purchases of property, plant and equipment		(154)	(649)	(869)
Proceeds on sale of subsidiary		-	-	79,900
		<hr/>	<hr/>	<hr/>
Net cash (used in)/from investing activities		(123)	1,008	80,716
<b>Cash flows from financing activities</b>				
Dividends paid		(6,693)	(5,827)	(23,090)
Issue of new shares		20	-	55
Receipt of new borrowings		6,000	4,500	4,500
Repayment of borrowings		-	-	(29,000)
Increase in overdraft		1,803	2,559	152
		<hr/>	<hr/>	<hr/>
Net cash from/(used in) financing activities		1,130	1,232	(47,383)
		<hr/>	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(18,250)	(933)	17,316
		<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the period</b>		18,251	935	935
		<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		1	2	18,251
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents comprise				
Cash and cash in bank		1	2	18,251
		<hr/>	<hr/>	<hr/>

## NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2016

### 1. ACCOUNTING POLICIES

#### 1.1 General Information

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

#### 1.2 Basis of preparation and accounting policies

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

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the Group's latest annual audited financial statements. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the six months ended 31 July 2016.

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

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption). There were no standards and interpretations which were effective for the first time during the six months ended 31 July 2016 and which would materially affect these interim financial statements.

### 2. ANALYSES OF REVENUE AND PROFIT BEFORE TAXATION

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

Class of business	Six months ended	Revenue Six months ended	Financial year ended
	31.7.16 £'000	31.7.15 £'000	31.1.16 £'000
Continuing Operations			
Motor finance	28,283	20,381	45,182
Revenue	<u>28,283</u>	<u>20,381</u>	<u>45,182</u>
Class of business	Six months ended	Profit before taxation Six months ended	Financial year ended
	31.7.16 £'000	31.7.15 £'000	31.1.16 £'000
Continuing Operations			
Motor finance	11,852	9,685	20,400
Central costs net of central finance income	1	(918)	(931)
Profit before taxation	<u>11,853</u>	<u>8,767</u>	<u>19,469</u>

## NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2016

### 3. COST OF SALES

	Six months ended 31.7.16 £'000	Six months ended 31.7.15 £'000	Financial year ended 31.1.16 £'000
Continuing Operations			
Loan loss provisioning charge – motor finance	4,959	3,205	7,611
Other cost of sales	6,629	3,848	8,980
Cost of sales	<u>11,588</u>	<u>7,053</u>	<u>16,591</u>

### 4. TAXATION

The tax charge for the period has been calculated by applying the estimated effective tax rate for the year of 20.25% (31 July 2015: 21.00% and 31 January 2016: 18.40%) to the profit before taxation for the six months.

### 5. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

Last year on 7 July 2015 the Group entered into a sale agreement to dispose of its Loansathome4u home credit business including the subsidiary company SD Taylor Ltd. The disposal was completed on 4 August 2015.

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

	Unaudited Six months ended 31.7.16 £'000	Unaudited Six months ended 31.7.15 £'000	Audited Financial year ended 31.1.16 £'000
<b>Revenue</b>	-	17,191	17,191
Loan loss provision for consumer credit	-	(3,646)	(3,646)
Other cost of sales	-	(113)	(113)
Administrative expenses	-	(9,340)	(9,340)
Finance costs (net)	-	-	-
<b>Profit before taxation</b>	-	<b>4,092</b>	<b>4,092</b>
Attributable Taxation	-	(852)	(852)
<b>Profit after Taxation</b>	-	<b>3,240</b>	<b>3,240</b>
Profit on disposal of discontinued operations	-	50,531	50,139
Attributable Taxation	-	(80)	(80)
<b>Profit for the period from discontinued operations</b>	-	<b>53,691</b>	<b>53,299</b>

As shown above a profit of just over £50m arose on the disposal being the difference between the disposal proceeds of £82.5m and the carrying value of the disposed home credit assets less anticipated transaction costs. During the six months last year to 31.7.15 before its disposal Loansathome4u contributed £7.8m to the group's operating cash flows.

It is expected that, subject to agreement with HMRC, no tax charge will arise as a result of the sale of the home credit business by S&U plc due to the application of statutory relief provided by the substantial shareholdings exemption.

## NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2016

### 6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on profit for the period from continuing operations of £9,453,000 (period ended 31 July 2015: £6,926,000 and year ended 31 January 2016: £15,886,000).

The calculation of earnings per ordinary share from continuing and discontinued operations is based on profit for the period of £9,453,000 (period ended 31 July 2015: £60,617,000 and year ended 31 January 2015: £69,185,000).

The number of shares used in the basic calculation is the average number of ordinary shares in issue during the period of 11,939,415 (period ended 31 July 2015: 11,879,110 and year ended 31 January 2016: 11,888,591).

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

### 7. DIVIDENDS

A second interim dividend of 23.0p per ordinary share and a final dividend of 33.0p per ordinary share for the financial year ended 31 January 2016 were paid during the six month period to 31 July 2016 (total of 56.0p per ordinary share). This compares to a second interim dividend of 19.0p per ordinary share and a final dividend of 30.0p per ordinary share for the financial year ended 31 January 2015 which were paid during the 6 months period to 31 July 2015 (total of 49.0p per ordinary share). During the twelve months to 31 January 2016 total dividends of 194.0p per ordinary share were paid. These distributions are shown in the consolidated statement of changes in equity in this interim financial information.

The directors have also declared a first interim dividend of 24.0p per share (2015: 20.0p per share). Last year in November 2015 an exceptional additional ordinary dividend of 125.0p per share from the proceeds of disposal of the home credit business was also paid. The first interim dividend, which amounts to approximately £2,870,000 (2015: £2,380,000), will be paid on 11 November 2016 to shareholders on the register at 21 October 2016. The shares will be quoted ex dividend on 20 October 2016. The interim financial information does not include this proposed dividend as it was declared after the balance sheet date.

### 8. ANALYSIS OF AMOUNTS RECEIVABLE FROM CUSTOMERS

All operations are situated in the United Kingdom.

	Amounts Receivable		
	Six months ended	Six months ended	Financial year ended
	31.7.16	31.7.15	31.1.16
	£'000	£'000	£'000
Motor Finance			
Amounts receivable from customers (capital)	200,501	144,451	169,420
Less: Loan loss provision for motor finance	(26,586)	(22,008)	(24,279)
Amounts receivable from customers (net)	173,915	122,443	145,141
Analysed as:- due within one year	51,218	36,955	43,072
- due in more than one year	122,697	85,488	102,069
Amounts receivable from customers (net)	173,915	122,443	145,141

## NOTES TO THE INTERIM STATEMENTS

Six months ended 31 July 2016

### 9. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW USED IN OPERATING ACTIVITIES

	Six months ended 31.7.16 £'000	Six months ended 31.7.15 £'000	Financial year ended 31.1.16 £'000
Operating Profit	579	64,497	25,343
Finance costs paid	0)	(1,107)	(1,913)
Finance income received		-	131
Tax paid	(49)	(3,006)	(4,927)
Depreciation on plant, property and equipment		298	426
Loss on disposal on plant, property and equipment		10	15
Decrease/(increase) in amounts receivable from customers	,774)	18,566	(4,132)
Decrease in inventories		59	59
(Increase)/decrease in trade and other receivables	2)	(82,095)	65
Increase/(decrease) in trade and other payables		(1,089)	(1,052)
(Decrease)/increase in accruals and deferred income	5)	351	(938)
Increase in cost of future share based payments		343	681
Decrease in retirement benefit obligations		-	(14)
Disposal of subsidiary assets		-	(29,761)
		<hr/>	<hr/>
Cash flow used in operating activities	,257)	(3,173)	(16,017)
	<hr/>	<hr/>	<hr/>

Operating profit in the six months ended 31 July 2015 and for the year ended 31 January 2016 includes profit before tax on discontinued operations – note 5.

### 10. BORROWINGS

Movements in our loans and overdrafts for the respective periods are shown in the consolidated cash flow statement. As expected, cash used in operating activities was higher in the six months to 31 July 2016 than in the same period last year reflecting the discontinuing of home credit and a 54% increase in motor finance advances in the first 6 months of this year.

### 11. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this report. During the six months the Group made charitable donations amounting to £25,000 (6 months to July 2015: £21,000; year to January 2016: £45,000) via the Keith Coombs Trust which is a related party because Messrs GDC Coombs, AMV Coombs, D Markou and CH Redford are trustees. The amount owed to the Keith Coombs Trust at the half year end was £nil (July 2015: £nil; January 2016 £nil). During the six months the Group obtained supplies amounting to £9,841 (6 months to July 2015: £nil; year to January 2016: £nil) from Grevayne Properties Limited, a company which is a related party because Messrs GDC and AMV Coombs are directors and shareholders. The amount owed to Grevayne Properties Limited at the half year end was £nil (July 2015: £nil; January 2016 £nil). All related party transactions were settled in full.

### 12. INTERIM REPORT

The information for the year ended 31 January 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. A copy of this Interim Report will be made available to all our shareholders and to the public on our website at [www.suplc.co.uk](http://www.suplc.co.uk) and at the Company's registered office at 6 The Quadrangle, Cranmore Avenue, Solihull B90 4LE.