JOULES

BRIGHTENING UP THE FUTURE

ANNUAL REPORT & ACCOUNTS 2015/16

as we said, this is a colourful story,
but our facts and figures
are black and white.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes ''forward-looking statements''. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms ''believes'', ''estimates'', ''anticipates'', ''projects'', ''expects'', ''intends'', ''aims'', ''plans'', ''predicts'', ''may'', ''will'', ''seeks'' ''could'' ''targets'' ''assumes'' ''positioned'' or ''should'' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Forward-looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

The forward-looking statements contained in this document speak only as of the date of this document. The Group and its Directors expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the AIM Rules for Companies or the Disclosure and Transparency Rules.

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Joules Group plc - Registered in England and Wales number: 10164829

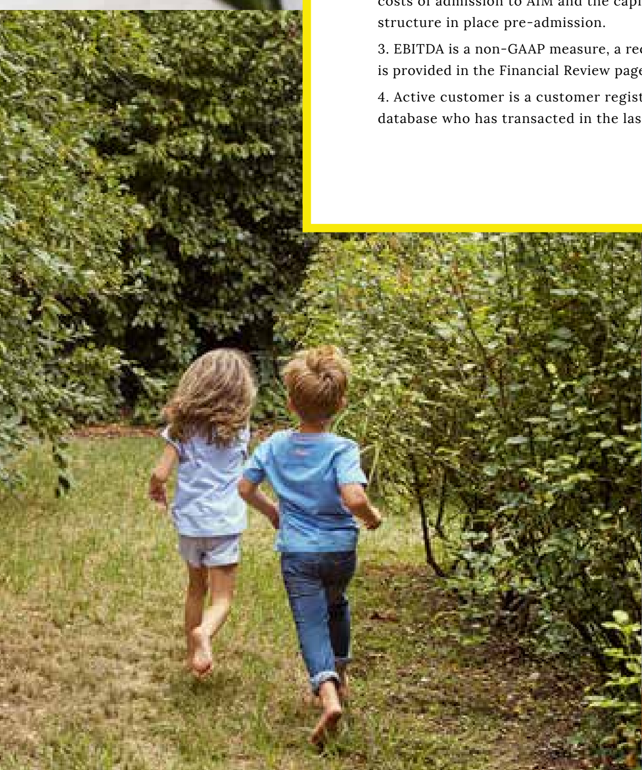
HIGHLIGHTS

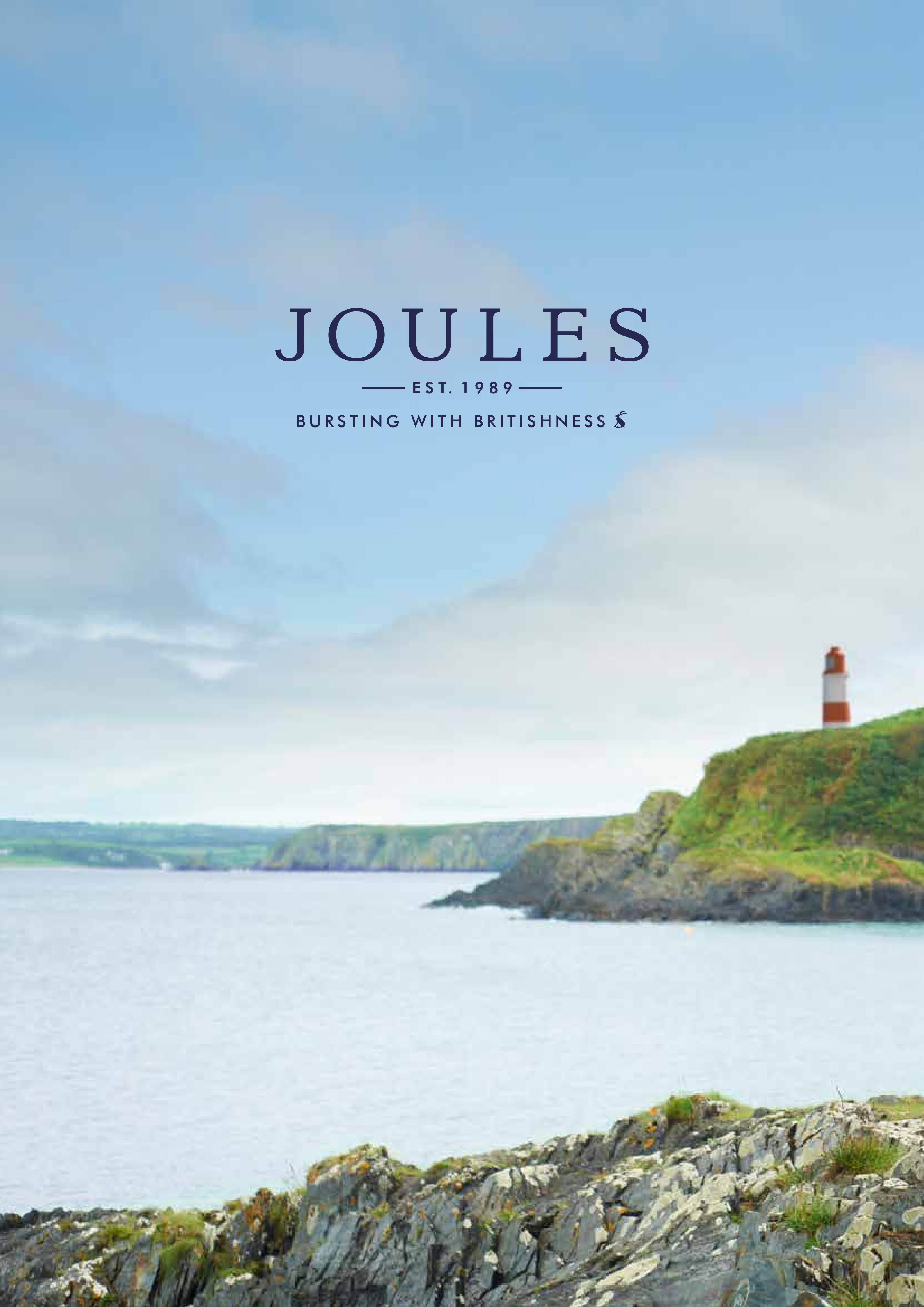
- Revenue increased by 14.2%[1] to £131.3 million
- Underlying[2] Profit Before Tax increased by 41.5% to £7.5 million
- Underlying EBITDA[3] increased by 28.6% to £13.5 million
- Cash flow from operations £16.9 million
- Active[4] customers increased by 33% to 824,000
- Joules.com website re-launched: mobile conversion rates up by 0.5 percentage points in the year
- International revenue increased by 24.7% - now representing 10.1% of Group revenue
- Sales growth experienced in every channel and product category
- Successful admission to AIM on 26 May 2016

1. On a comparable 52 week basis, FY15 was a 53 week period. Reported revenue growth 12.8%.
2. Underlying excludes exceptional and non-recurring items, primarily related to the costs of admission to AIM and the capital structure in place pre-admission.
3. EBITDA is a non-GAAP measure, a reconciliation is provided in the Financial Review pages 16 to 17.
4. Active customer is a customer registered on our database who has transacted in the last 12 months.

Reconciliation to statutory profit before tax:

£MILLION	FY16	FY15
Underlying profit before tax	**7.5**	**5.3**
IPO transaction costs	(2.7)	-
Shareholder loan note interest	(5.6)	(4.6)
Exceptional asset impairment	(0.3)	(0.5)
Other non-recurring items	(0.1)	(0.1)
Statutory profit / (loss) before tax	**(1.2)**	**0.1**




JOULES
EST. 1989
BURSTING WITH BRITISHNESS

CHAPTER

1

STRATEGIC REPORT

Hitting the Bright Notes

CHAIRMAN'S STATEMENT
JOULES GROUP PLC

INTRODUCTION

This is our first Annual Report as a public company and it is my great pleasure to welcome new shareholders to Joules. As Chairman for the last three years I have seen Joules grow and develop into the established and much-loved premium lifestyle brand it is today and I am now even more excited about our future prospects than ever before.

This was a significant year for the business with the Company's admission to the AIM market of the London Stock Exchange in May 2016 being a notable highlight. Joules has an authentic British heritage; a strong and distinctive brand; an enviable track record; and significant growth opportunities ahead. We were delighted with the enthusiasm and shareholder support shown during our Initial Public Offering ('IPO'), and we look forward to delivering value for all stakeholders over the coming years.

OUR BUSINESS

The Joules brand is at the heart of our business and encompasses values of 'time-off', heritage, countryside, Britishness, family and fun. These values resonate through all product designs, which are known and loved for their distinctive colours, prints, details and quality. These designs successfully span across a broad range of product categories, from Womenswear to Homeware, demonstrating the brand's relevance to multiple aspects of our customers' lives.

The growth of the business in recent years has been underpinned by significant investment that has been made in the Group's infrastructure, including supply chain, IT and international sales support offices. We are confident that this investment, along with the strength and appeal of the Joules brand, provides a strong foundation for sustainable, long term growth.

OUR TEAM

The skill, creativity and energy of our people continues to be a key factor in driving the business forward and expanding the Joules brand. I would like to take this opportunity to thank everyone in the Joules team across the world for their hard work and dedication throughout what has been such a transformational year for the business.

The success of the business to date has been led by a dynamic and highly talented management team who have a deep understanding of the Joules customer as well as strong commercial and product design expertise. This is underpinned by outstanding enthusiasm, energy and leadership skills.

With our IPO the leadership team was further strengthened with the appointment of two new Non-Executive Directors to our Board. These were David Stead, who has more than 15 years' experience as a director of companies in the UK retail sector, and Jill Little, who has vast relevant experience of the retail industry including driving international expansion. We are already benefiting from their experience and knowledge and look forward to their contributions in the years to come.

FINANCIAL RESULTS & DIVIDEND

Group revenue of £131.3 million increased by 12.8% compared to the prior period (53 weeks to 31 May 2015: £116.4 million). Against the comparable 52 week prior period, Group revenue increased by 14.2%. This reflects strong growth in both the Retail and Wholesale segments. On a geographic basis, UK sales increased 11.6% to £118.1 million and International sales increased 24.7% to £13.2 million. International now represents just over 10% of Group revenue. Underlying PBT grew by 41.5% to £7.5 million, and Underlying EPS was 6.9 pence per share (FY15: 4.8 pence). Statutory PBT was £(1.2)million (FY15: £0.1 million), statutory basic (and diluted) EPS are -2.0 pence per share (FY15: -0.5 pence per share). The Chief Executive's Strategic Report and Financial Review that follow provide a more in-depth analysis of the trading performance and financial results of the Group.

The Directors intend to pursue a progressive dividend policy, subject to the availability of sufficient distributable profits and the need to retain sufficient earnings for the future growth of the Group. It is currently intended that, in the absence of unforeseen circumstances, the first dividend following Admission will be paid in respect of the financial year ending May 2017 (FY17).

THE FUTURE

It is too early to assess the specific macro economic effects of the UK's decision to leave the European Union, though it has created an environment of increased uncertainty. I believe that Joules is well placed to meet these uncertainties through a combination of the strength of its brand and products; its target customer demographic; and, the historic investment that has been made in infrastructure. The impact on the product cost base, resulting from a weaker GBP, is mitigated through foreign exchange hedging in place throughout FY17 and the first half of the subsequent year.

We have a loyal and growing customer base, a committed and enterprising team and a well-invested infrastructure. These qualities give us confidence of successfully delivering the Board's clear strategy for growing the Joules brand in the UK and internationally.

NEIL MCCAUSLAND
Chairman

CHIEF EXECUTIVE'S STRATEGIC REPORT

BUSINESS MODEL

I am pleased to present the Group's first Strategic Report to shareholders. This is an exciting time for the Joules brand as we continue to expand both in the UK and internationally, whilst ensuring our focus is as resolute as ever on product quality, design and delighting our customers.

THE JOULES BRAND

Joules is a premium lifestyle brand with an authentic heritage. The brand is distinctive for its values of 'time-off', heritage, countryside, Britishness, family and fun. Our brand and design-led ethos deliver unique product designs, which remain central to Joules' continued success, growth and appeal. Key components of our designs include unwavering focus on quality, colour and surprising details that excite our customers. The brand is also known and loved for its exclusive, in-house designed proprietary prints, which include florals, conversationals, ''pops of colour" and screen prints.

OUR BUSINESS MODEL

Joules operates a truly multi-channel business model, which is reflected in the Group's balanced revenue mix by channel. The Joules brand has two key channels to market: retail (including stores, e-commerce and the country shows and events circuit) and wholesale. Other channels include product licensing, which given the strength of the Joules brand, is likely to become increasingly important over time.

Retail

The Group has a fast growing and diverse store portfolio of 97 UK and Republic of Ireland stores (including five concessions) plus three franchise stores. Our stores have a diverse geographic footprint, reflecting the broad appeal of the brand. The Group operates a fully transactional and feature rich website, www.joules.com, through which Joules branded products are sold to customers in the UK and internationally. The Group also operates dedicated, local currency and local language consumer websites for the US and Germany.

Wholesale

Joules branded products are sold through selected wholesale partners, primarily in the UK, North America and Germany, supporting the expansion of the brand. The wholesale channel consists primarily of:

- "House accounts"– national multi-channel retailers, such as John Lewis and Next Label, which Joules sells to and manages directly; and
- ''Field accounts"– generally smaller retailers including independents managed directly by Joules or by Joules' sales agents and, in the US, via a distributor.

CHIEF EXECUTIVE'S STRATEGIC REPORT

STRATEGY AND KEY PERFORMANCE INDICATORS

OUR GROWTH STRATEGY

We have a clear strategy for the long-term, sustainable development of Joules as a premium lifestyle brand, both in the UK and internationally. This strategy is built on the following key pillars, and is continuously underpinned by a firm focus on product quality and design.

1. INCREASING CUSTOMER VALUE - we intend to continue to grow our customer database, increase the number of active customers and develop the value of the average active customer.

2. UK AND REPUBLIC OF IRELAND (ROI) STORE ROLL-OUT - as part of our multi-channel approach, there remains significant further growth potential for the brand in the UK and ROI. We are targeting a net 10 to 12 new stores per year in the medium term.

3. INTERNATIONAL EXPANSION - the Joules brand and products resonate well in international markets and the new markets provide an opportunity to further leverage the investment in our central creative and commercial teams. Our medium term focus is on North America and Germany.

4. PRODUCT EXTENSION - as a premium lifestyle brand, the Joules product offer naturally extends to meet many of the lifestyle needs of our customers. Joules has had success extending the product offer within existing categories and into new categories and we will continue to expand into new areas that are appropriate for the development of the Joules brand.

STRATEGIC PRIORITIES AND DEVELOPMENTS

1. INCREASING CUSTOMER VALUE

- Re-launched the Joules.com website with richer content and mobile optimisation.
- Successfully up-weighted digital media spend for new customer acquisition and retention.
- Increased average customer frequency of transaction and transaction value.

2. UK AND ROI STORE ROLL-OUT

- Opened 10 new stores during the year and converted one franchise to an owned store.
- Closed five stores, taking advantage of end of lease terms where we believe there is a better location.
- Opened three 'Regional Shopping Centre' stores - a new location type.
- New store payback periods continue to be less than 12 months.
- All, but one, stores open for more than 12 months delivered a positive contribution.

3. INTERNATIONAL EXPANSION

- US showroom and sales office in New York relocated and enlarged.
- Nordstom increased the range of wellington boots and accessories stocked and evolved from online only to space in 80 stores for Autumn/Winter 16.
- Von Maur expanded range within several of their 33 department stores to include women's nightwear and outerwear for Autumn/Winter 16.
- Launching kids apparel and accessories in 50 of Dillards' 330 department stores for Autumn/Winter 16.

4. PRODUCT EXTENSION

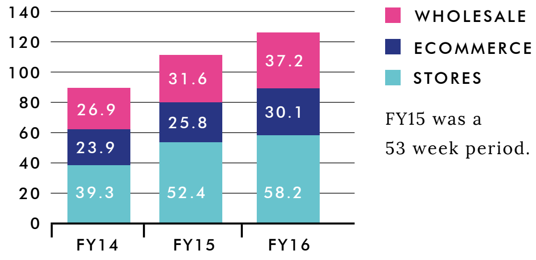
- Accessories grew by 27% in the year and is now 13% of total sales.
- Homeware category grew by 33% in the year.
- Baby Joule grew by an impressive 42% in the year following an increased focus on this important category.

KEY PERFORMANCE INDICATORS

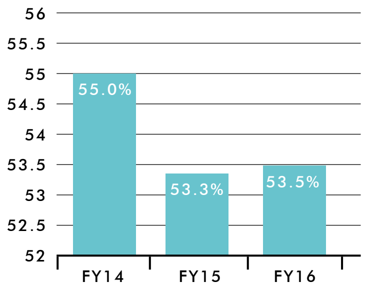
Our KPIs have been selected based on their link to the successful delivery of our strategy, they are monitored by the Board on a regular basis.

OUR FINANCIAL KPIs:

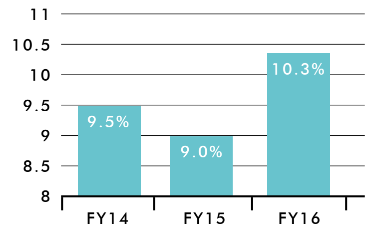
- Revenue by channel - delivering balanced growth across our core-sales channels
- Group gross margin - maintaining overall product level profitability whilst developing the different channels to market
- EBITDA margin – how effectively we are leveraging our cost base and infrastructure
- Return on Capital employed ('ROCE') – how we are managing working capital and growth capital investments



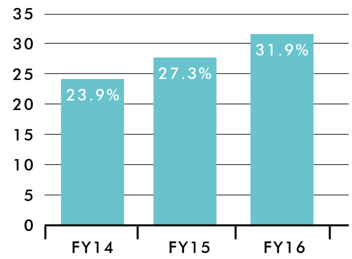
REVENUE BY CHANNEL £M



GROUP GROSS MARGIN %

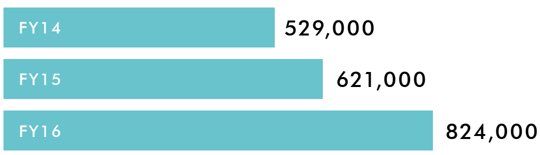


UNDERLYING EBITDA MARGIN %



ROCE* %

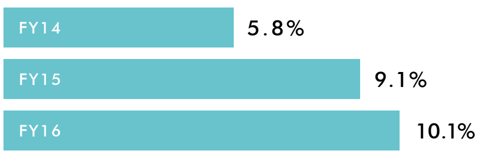
ACTIVE CUSTOMER NUMBERS**



NUMBER OF STORES

TOTAL SELLING SPACE (SQ FT)

INTERNATIONAL REVENUE % OF GROUP REVENUE



* Return on Capital employed ('ROCE') is calculated as Underlying Operating Profit after Tax divided by Average Capital employed (Capital employed defined as Underlying Net Assets adjusted for excess cash balances)

** Active customer defined as a customer who is registered on our database and has transacted within the last 12 months. Note, FY14 and FY15 restated following improvements in data cleansing.

CHIEF EXECUTIVE'S STRATEGIC REPORT

BUSINESS REVIEW

A YEAR OF EXCELLENT PROGRESS

Joules has continued to make excellent progress over the past year, including the significant milestone of the Group's admission to the AIM market of the London Stock Exchange towards the end of the financial year. The success of our IPO reflects 27 years of careful development of the Joules brand, our unique multi-channel approach and our consistent focus on our customer. These qualities remained central to our performance in FY16 as the Group made further progress against its strategic objectives and continued to develop and expand as a premium lifestyle brand in the core UK market and also internationally.

STRONG MULTI-CHANNEL RETAIL GROWTH

Retail sales, which includes stores, E-commerce and shows, continued to grow impressively by 12.8% during the year (on a consistent 52 week basis) as we expanded Joules' retail coverage across the UK and ROI to 97 stores at the end of the period. This was supported by 10 new store openings and the conversion of one franchise store during the year. During the year we closed five stores taking the opportunity of lease breaks to exit where we believe we could perform better in a different location. We relocated one store, in Harrogate, and expanded our space in two others, increasing total selling space to 111,000 square feet by the end of the year.

FY16 saw us expand into a new store location type with three Regional Shopping Centre locations – Milton Keynes, Meadowhall and Birmingham Grand Central. These stores, which have a larger selling space than average, have proved very popular with our customers – both old and new - and have served to further develop and strengthen our brand as well as deliver attractive financial returns.

Joules is a truly multi-channel brand, with e-commerce revenues representing nearly one third of retail revenue. E-commerce continued to deliver very strong sales growth of 17.3% against the prior year (on a consistent 52 week basis), this growth was supported by the ongoing development of our website functionality and the overall customer offer. We re-launched our Joules.com e-commerce site in September 2015, with improved functionality, richer content and optimisation for mobile and tablet devices.

With traffic from mobile and tablet devices now representing over 70% of the total, and with the mobile and tablet conversion rate improving by 50 basis points in the year, the re-launched site has been instrumental in supporting the growth of e-commerce revenues.

'Click & Collect' continues to prove popular with our customers and towards the end of the year we commenced the roll-out of 'Order in Store' which provides customers in store with access to the entire range of products across all of our categories.

WHOLESALE EXPANSION IN THE UK AND OVERSEAS

Wholesale sales increased by 18.3% (on a consistent 52 week basis), reflecting the growing appeal of the Joules brand. Continued expansion in the UK was driven primarily through national multi-channel retailers such as John Lewis and Next Label as well as through smaller, independent specialist partners that have a good fit with the Joules brand.

Joules' products with their unique prints, colour and British character continue to resonate strongly with customers in international markets, where our focus remains on North America and Germany where we are building brand awareness. During the year we invested further in our infrastructure in the US, opening a new, larger trade showroom and sales office in New York. Our focused approach, on developing larger wholesale accounts, continues to make good progress with increased product range listings in Nordstrom and Von Maur for Autumn/Winter 16 and the department store Dillards launching Childrenswear from Autumn/Winter 16.

The growth of international wholesale (up 48.1% in the year) helped drive a 24.7% increase in the Group's total international sales (including international retail). Excluding the impact of non-recurring international shows, total international revenues were up nearly 36%, taking international sales as a proportion of total Group sales to 10.1%.

FURTHER DEVELOPMENT AS A LIFESTYLE BRAND

Joules delivered growth across every product category during the year, with particularly strong performances in the core Womenswear category and the newer Homeware, Accessories and 'Baby Joule' categories. Our licensed products, although relatively small in scale, continued to perform well.

The popularity of the brand across multiple product categories highlights the exciting growth potential for Joules as it continues to grow as a true lifestyle brand.

CUSTOMER AND MARKETING

Joules has a loyal, fast growing and highly engaged customer community. During the year we continued to expand our customer database – that now stands at just over two million customers - and developed new ways to communicate and engage with this community online, in stores, across social media platforms and through events. One innovative and successful example of digital customer engagement during the year was our 'Design Your Own Welly' App and competition. Customers were invited to go online and bring a Joules welly to life by creating their own, bespoke bold and bright designs. We received more than 45,000 entries to the competition, including many new customers, helping to raise brand awareness amongst existing and potential customers.

We were delighted to win 'Fashion Business of the Year' (in the £30-100m category) at the 2015 Drapers Awards, with the judges acknowledging Joules' "very impressive growth story while demonstrating confidence in our brand positioning, ethos and strategy". This award was fitting testament to the hard work of our team as well as the brand's strong values.

PLATFORM FOR LONG TERM GROWTH

The focus of the management team is on the long term, sustainable development of the Joules brand, as demonstrated by further investments made during the year including in our new stores, a strengthened e-commerce proposition and the infrastructure to support our US wholesale business.

During the year we implemented the first phase of our company wide ERP replacement programme. We are in the process of migrating our existing 'Sales & stock management' IT platform to the Microsoft Dynamics AX ERP platform. Phase one has seen the implementation of Microsoft Dynamics AX to support our US wholesale business. The programme, which represents a significant investment for the Group, is ongoing as we extend the platform across our core UK wholesale and retail channels with a plan to go live in FY18.

The creativity, skill and commitment of the Joules team are key drivers of the brand's growth and success. We continue to invest in skills and people development in all areas of the business including our customer facing colleagues and team leaders across the business.

LOOKING AHEAD

Group trading to date in the FY17 financial year has been in line with our expectations and early feedback on our Spring/Summer 17 ranges from our trade customers has been positive.

We have a strong brand, a loyal and growing customer base, a committed and enterprising team and a well-invested infrastructure. These qualities give me confidence for the future and for the delivery against our strategic objectives as we grow the Joules brand in the UK and internationally.

COLIN PORTER
Chief Executive Officer

FINANCIAL REVIEW

JOULES GROUP PLC

FINANCIAL REVIEW

Joules Group plc was admitted to AIM on 26 May 2016 (the 'IPO'), just prior to the end of the financial period. To provide a meaningful comparison to the prior financial period and for future reporting periods, the front section of this Annual Report reports on both the underlying and the statutory results.

PROFIT BEFORE TAX – UNDERLYING

Underlying profit before tax ('PBT') was £7.5 million for the 52 weeks to 29 May 2016, an increase of 41.5% on the prior period (53 weeks to 31 May 2015).

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION ('EBITDA')

Underlying EBITDA increased by 28.6% to £13.5 million (FY15: £10.5m). The underlying EBITDA margin increased by 1.3 percentage points from 9.0% to 10.3%.

UNDERLYING AND STATUTORY RESULTS

During the period there were a number of costs that were exceptional or non-recurring in nature. These items relate primarily to the IPO and to the capital structure that was in place prior to the IPO. To provide a meaningful year-on-year comparison, for historic and future periods, these items have been excluded from the underlying results reported in the front section of the Annual Report. A reconciliation between Underlying and Statutory (GAAP) results is provided below.

REVENUE

Group revenue increased by 12.8% to £131.3 million from £116.4 million in FY15, the prior year being a 53 week period. Against a comparable 52 weeks, Group revenue increased by 14.2%, with Retail revenue increasing by 12.8% and Wholesale revenue increasing by 18.3%.

Sales in International markets, which are predominantly Wholesale, increased by 24.7% and now represent 10.1% of Group revenues (FY15: 9.1%).

Retail - Stores

Store revenue at £58.2 million increased by 13.1% on the comparable 52 weeks. During the year we opened 10 new stores, converted one franchise and closed five stores, resulting in an increase in owned store numbers from 91 to 97. Total store selling space increased by 10.9% to 111,000 sq. ft. over the period. We had three franchises at the end of FY16 (FY15: 4).

Retail – E-commerce

E-commerce revenue at £30.1 million increased by 17.3% on the comparable 52 weeks and was 32.1% of total Retail revenue (FY15: 30.6%). E-commerce benefited from more visitors and higher conversion following the re-launch of the content rich, mobile optimised website and the ongoing new customer acquisition activity.

Wholesale

Wholesale revenue at £37.2 million increased by 18.3% on the comparable 52 weeks. Good performances were delivered in both the UK and international markets and from both the 'house account' and the 'field account' customer bases.

GROSS MARGIN

Gross margin at 53.5% was 0.2 percentage points higher than the prior year. Our commercial and buying activity enabled us to offset the impact of the strengthening US Dollar and maintain overall intake margins. Increasing international Wholesale sales, in particular within the US where we have a high mix of lower margin footwear sales and a significant proportion of our business via a distributor, result in downward pressure on Group gross margin which has been more than mitigated by the growth of the Retail segment and improved e-commerce distribution costs.

	52 WEEKS ENDED 29 MAY 2016				53 WEEKS ENDED 31 MAY 2015		
£MILLION	UNDERLYING	IPO COSTS	NON-RECURRING	REPORTED	UNDERLYING	NON-RECURRING	REPORTED
Revenue	131.3	-	-	131.3	116.4	-	116.4
Gross profit	70.3	-	-	70.3	62.0	-	62.0
Admin expenses	(62.3)	(2.7)	(0.4)	(65.4)	(56.4)	(0.6)	(57.0)
Operating profit	**8.0**	**(2.7)**	**(0.4)**	**4.8**	**5.7**	**(0.6)**	**5.1**
Net finance costs	(0.5)	-	(5.6)	(6.0)	(0.4)	(4.6)	(5.0)
Profit before tax	**7.5**	**(2.7)**	**(6.0)**	**(1.2)**	**5.3**	**(5.2)**	**0.1**
Operating profit	8.0	(2.7)	(0.4)	4.8	5.7	(0.6)	5.1
Depreciation & Amortisation	(5.5)	-	(0.4)	(5.9)	(4.8)	(0.5)	(5.3)
EBITDA	**13.5**	**(2.7)**	**(0.0)**	**10.7**	**10.5**	**(0.1)**	**10.4**

ADMINISTRATIVE EXPENSES - UNDERLYING

Underlying administrative expenses increased by 10.5% from £56.4 million to £62.3 million. Underlying operating expenses were 47.4% of revenue (FY15: 48.5%). The Group strengthened several central functions during the year particularly in design, commercial and support and increased investment in new customer acquisition and internal photo-shoot capability to support the retail and wholesale channels.

Total rent cost, including service charges, for the period was £9.3 million (FY15: £8.5m) with the increase due to new store openings and the relocation of our Shanghai sourcing office and expanded New York showroom during the period.

Underlying depreciation and amortisation increased to £5.5 million (FY15: £4.8m) following the completion of several IT infrastructure projects in the current and prior year, including the first phase of the Enterprise Resource Planning (ERP) programme.

ADMINISTRATIVE EXPENSES - NON-UNDERLYING

Non-underlying administrative expenses totalled £3.1 million (FY15: £0.6m). This included IPO transaction related costs of £2.7 million (FY15: £nil) and non-recurring costs of £0.4 million (FY15: £0.6m). Non-recurring costs included costs related to the pre-IPO ownership structure of £0.1 million (FY15: £0.1m) and asset impairment of £0.3 million (FY15: £0.5m).

NET FINANCE COSTS - UNDERLYING

Underlying net finance costs of £0.5 million (FY15: £0.4m) related to interest and facility charges on the Group's revolving credit facility with Barclays Bank Plc.

NET FINANCE COSTS - NON-UNDERLYING

Non-underlying net finance costs totalled £5.6 million (FY15: £4.6m), consisting primarily of interest on shareholder loan notes of £4.7 million (FY15: £4.4m) and amortisation of the loan note arrangement fee of £0.9 million (FY15: £0.4m). The shareholder loan notes were converted to equity immediately prior to the IPO and the expense will not be ongoing.

TAXATION

The reported tax rate in the current and prior year is impacted by the non-underlying items noted above. These included a proportion of non-deductible costs and the impact from the proportion of the shareholder loan note interest that was deemed deductible on finalisation of the Advanced Thin Capitalisation Agreement ('ATCA') with HMRC during the period.

The Group's effective tax rate in future years is expected to be broadly in line with the statutory rate.

EARNINGS PER SHARE AND DIVIDEND

Statutory basic (and diluted) earnings per share for the period are -2.0 pence per share. On an underlying, pro forma basis the FY16 basic earnings per share are 6.9 pence (FY15: 4.8 pence).

To facilitate meaningful comparison of earnings per share the weighted average number of shares in issue has been restated on a pro forma basis to reflect the post-IPO capital structure. The pro forma assumes that the number of shares in issue post-IPO were in issue throughout. Earnings are adjusted for non-underlying items detailed above and to reflect the statutory tax rate.

£MILLION	FY16	FY15
PBT - Underlying	**7.5**	**5.3**
Statutory tax rate	*20.0%*	*20.8%*
Tax	(1.5)	(1.1)
Earnings - Underlying	**6.0**	**4.2**
Shares - Pro forma (million)	87.5	87.5
EPS - Pence	6.9	4.8

As detailed in the Admission Document, the Board is not recommending the payment of a dividend for FY16.

CASH FLOW AND CASH POSITION

Net cash flow from operating activities was £16.9 million (FY15: £6.0m) including a net working capital inflow of £7.1 million due to improved inventory efficiency and higher trade payables at the period end.

The Group ended the period with underlying net cash/(debt) of £3.2 million (FY15: £(6.5)m) an improvement of £8.7 million in the period. Gross cash was £9.3 million (FY15: £2.1m) and underlying borrowings £6.1 million (FY15: £8.6m), which includes borrowings under the Group's revolving credit facility and asset finance loans. Underlying borrowings excludes shareholder loan notes that were settled during the year as part of the IPO transaction (FY15: £(42.8)m).

The Group has access to a £25 million revolving credit facility provided by Barclays Bank Plc to fund seasonal working capital requirements. This facility matures in May 2020.

INVENTORY

Inventory at year end was £19.3 million (FY15: £17.7m). The higher year-on-year inventory was a result of receiving deliveries for Autumn/Winter 16 ranges earlier than the prior year. Inventory management and stock turn both improved in the year.

CAPITAL EXPENDITURE

Investment in property, plant, equipment and intangible assets totalled £7.1 million in FY16 (FY15: £8.8m). Major areas of expenditure in the year were new store openings and relocations and spend on our core IT infrastructure, including the re-launch of our e-commerce platform and the completion of phase one of our ERP implementation. Phase two of the ERP implementation is ongoing, with a plan to go live in FY18.

PRINCIPAL RISKS & UNCERTAINTIES

Set out below are the principal risks and uncertainties that the Directors consider could impact the business. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.
The Corporate Governance Report includes an overview of our approach to risk management and internal control systems and processes.

EXTERNAL RISKS

External risks reflect those risks where we are unable to influence the likelihood of the risk arising and therefore focus is on minimising the impact should the risk arise.

RISK AND IMPACT	MITIGATING FACTORS
Economy	
The majority of the Group's revenue is generated from sales in the UK to UK customers. A deterioration in the UK economy may adversely impact consumer confidence and spending on discretionary items. A reduction in consumer expenditure could materially and adversely affect the Group's financial condition, operations and business prospects. The expected exit of the UK from the EU has increased the likelihood and potential impact of this risk.	As a premium lifestyle brand with a geographically disperse retail store portfolio, a strong e-commerce channel and long standing wholesale customer accounts, the Directors consider that the UK business would be less affected by a reduction in consumer expenditure than many other clothing retailers. In addition, the property portfolio has short lease terms, providing relative flexibility to close or relocate stores should it become necessary.
Competitor Actions	
New competitors or existing clothing retailers or lifestyle brands may target our segment of the market. Existing competitors may increase their level of discounting or promotions and/or expand their presence in new channels. These actions could adversely impact our sales and profits.	Joules differentiates from competitors through its strong brand and products that are known for their quality, details, colour and prints. Our large customer database allows the Group to communicate effectively with customers, developing customer engagement and loyalty.
Foreign Exchange	
The Group purchases the majority of its product stock from overseas and is therefore exposed to foreign currency risk, primarily the US Dollar. Without mitigation, input costs may fluctuate in the short term, creating uncertainty as to profits and cash flows. The anticipated exit of the UK from the EU has resulted in a devaluation of GBP to the US Dollar and increased volatility. This may be sustained or worsen going forward.	The Group's Treasury Policy sets out the parameters and procedures relating to foreign currency hedging. We currently seek to hedge a material proportion of forecasted US Dollar requirement 12 months ahead through the use of forward contracts. The Group's US wholesale business generates US Dollar income which provides a degree of natural hedging.
Regulatory and Political	
New regulations or compliance requirements may be introduced from time to time. These may have a material impact on the cost base or operational complexity of the business. Non-compliance with the regulation could result in financial penalties. The anticipated exit of the UK from the EU has increased uncertainty in this area.	The Group has processes in place to monitor and report to the Board on new regulations and compliance requirements that could have an impact on the business. The impact of any new regulation is evaluated and reflected in the Group's financial forecasts and planning.

INTERNAL RISKS

Internal risks reflect those where we can influence the likelihood of the risk arising and the impact if the risk should arise.

RISK AND IMPACT	MITIGATING FACTORS
Brand and Reputation	
The strength of our brand and its reputation are very important to the success of the Group. Failure to protect and manage this could reduce the confidence and trust that customers place in the business, which could have a detrimental impact on sales, profits and business prospects. Our brand may be undermined or damaged by our actions or those of our wholesale partners.	Brand and reputation are monitored closely by senior management and the Board. The Group's public relations are actively managed and customer feedback, both direct and indirect, is carefully monitored. We carefully consider each new trade customer with whom we do business and monitor on an ongoing basis.
Product Sourcing	
The Group's products are predominantly manufactured overseas. Failure to carry out sufficient due diligence, and to act in the event of any negative findings, especially in relation to ethical or quality related issues, could adversely impact our brand and reputation.	The Group has a policy and process for the selection of new suppliers. This includes a review of compliance with laws and regulations and that suppliers meet generally accepted standards of good practice. In addition, suppliers are required to sign up to Joules' code of conduct. The Group operates a programme of ethical audits across the product supply base supported by a third party agency.
Design	
As with all clothing and lifestyle brands there is a risk that our offer will not satisfy the needs of our customers or that we fail to correctly identify trends that are important to our customer base. These outcomes may result in lower sales, excess inventories and/or higher markdowns.	Joules has a long established in-house creative and design team who have a high level of awareness and understanding of our target customer segment. A large proportion of our product range is anchored in classic products that are evolved season to season. Early feedback from our trade customers can allow us to further refine our product range ahead of significant purchase commitments.
Key Management	
Our performance is linked to the performance of our people and in particular to the leadership of key individuals. The loss of a key individual whether at management level or within a specialist skill set could have a detrimental effect on our operations and, in some cases, the creative vision for the brand.	The Group's remuneration policy, which includes a long term incentive scheme and performance-related pay, is designed to attract and retain key management. The Group operates learning and development initiatives to increase the opportunities for internal succession.
ERP System	
We are in the process of implementing a new IT platform, Microsoft Dynamics AX, across the Group. With any project of this scale, there is a risk of a poorly managed implementation or take up of new systems, which could result in business disruption.	The first phase of our implementation went live in November 2015, supporting our US wholesale operations. A dedicated programme team with significant experience of our business processes and ERP implementation has been established. The programme team reports monthly to a steering committee comprised of Group senior management.
IT Security and Systems Availability	
Non availability of the Group's IT systems, including the website, for a prolonged period could result in business disruption, loss of sales and reputational damage. Malicious attacks, data breaches or viruses, could lead to business interruption and reputational damage.	A Business Continuity Plan exists to minimise the impact of a loss of key systems and to recover the use of the system and associated data. A regular assessment of vulnerability to malicious attacks is performed and any weaknesses rectified. All Group employees are made aware of the Group's IT security policies and we deploy a suite of tools (email filtering, antivirus etc) to protect against such events.
Supply Chain	
The disruption to any material element of the Group's supply chain, in particular the UK central distribution centre, could impact sales and impact on our ability to supply our wholesale customers, stores and consumers.	The Business Continuity Plan includes an established procedure in the event of the loss of the UK distribution centre. In addition the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.

SOCIAL RESPONSIBILITY

RESPONSIBLY JOULES

RESPONSIBLY JOULES

At Joules, we have always prided ourselves on acting as a responsible company in everything that we do. Over the last year we have formalised our activities under four strands of our 'Responsibly Joules' framework:

Sourcing with Integrity - partnering with our suppliers to create distinctive products made with care, consideration and respect

Our Joules Family - creating and nurturing a vibrant and supportive team which our employees are proud to belong to

Outdoors from Shire to Shore - championing the environment from shire to shore

Charitably Joules - actively contributing to our local communities and the lives of our customers

SOURCING WITH INTEGRITY

By working closely with all of our suppliers we ensure that they not only meet our quality expectations but they also understand, meet and embrace our internal values. This means that we have ethical standards in place which our suppliers comply with; ensuring that their workforce, working conditions, material selection and management and production processes are not just legally compliant but are also fair, responsible and sustainable.

We manage our supply chain in Asia through our own sourcing and quality control team based in Shanghai. This office sources, manages and implements quality assurance measures in respect of all of our suppliers in the region with approximately 60 per cent. sourced direct from the manufacturer and the remainder through a local sourcing agent that has worked with Joules for many years.

New suppliers are evaluated against a range of pre-defined criteria including ethical and quality standards and are required to sign our code of conduct. Ongoing supplier audits are carried out by a third party.

Responsibly JOULES

OUR JOULES FAMILY

At Joules, we have a family of enthusiastic and creative people who are committed to delivering the best quality, value and service for our customers and who live and breathe our values every day. We are committed to supporting them and helping them grow and thrive.

This year we launched several exciting initiatives, including providing all of our people with a paid volunteering leave day each year, implementing a Give As You Earn (GAYE) scheme and matching funds raised by our employees for our Charitably Joules charities. Since the end of the financial year we launched a Save As You Earn (SAYE) scheme, open to all eligible employees, to encourage employee share ownership.

We operate a learning and development programme across the business with a focus on:

- Store managers: team motivation and management, customer service and selling skills
- Head office managers and team leaders: leadership, personal development and team management skills

In addition, Joules encourages and supports the technical training and professional qualifications of its employees in specific functional areas and has a successful and established history of graduate recruitment in the creative, commercial and finance areas.

Employee engagement and communications is achieved through regular 'Director briefings' to all head office and warehouse employees, a weekly newsletter and the Group intranet. We hold a store manager conference twice per year and issue a weekly newsletter for all store based employees. These communications aim to keep employees up to date on Group initiatives and financial performance. We encourage employee feedback through formal and informal channels.

We are an equal opportunities employer and give full and fair consideration to employment applications regardless of race, gender and/or disability, having regard to an applicant's aptitudes and abilities. We also strive to provide ongoing training, career development and promotion opportunities for all employees. In the unfortunate event that an employee should become disabled we are committed to continuing their employment and for arranging appropriate training.

Charitably JOULES

OUTDOORS FROM SHIRE TO SHORE

As a business we are committed to understanding our impact on the environment and, where we can, taking active steps to reducing it. Some examples of recent initiatives are:

Reducing energy consumption across our properties - we have an ongoing programme to install LED lighting across our properties and have completed the head office and all new and refurbished stores. In addition, we recently installed an environmentally friendly biomass boiler to heat our distribution centre. The installation has been accredited by Ofgem and accepted into the Renewable Heat Incentive scheme.

Energy Savings Opportunities Scheme (ESOS) - this year we completed the initial audit of energy consumption of our buildings, processes and transport as required by the EU's Energy Efficiency Directive. This allows us to identify major areas of energy utilisation and start to monitor the impact of initiatives to reduce energy use.

Environmentally responsible packaging - our carrier bags are made from a high grade of plastic that is more reusable and are therefore more environmentally friendly than most. As a result, our customers in England don't have to pay the 5p carrier bag tax.

CHARITABLY JOULES

We focus our effort on four charities that we are passionate about and which reflect our values - The Prince's Trust, British Beekeepers Association, Nuzzlets and Farms for City Children.

The Prince's Trust

The British Beekeepers Association

Nuzzlets

Farms For City Children

Introducing our newest partnership - The Prince's Trust

We are supporting The Prince's Trust's Enterprise Programme in the Leicestershire area. This programme supports unemployed young people to turn their big ideas into a business reality. From training and mentoring support to funding and resources, The Prince's Trust works with the budding entrepreneurs to help them establish their own business. We are very excited to support this programme both through financial support and providing hands on expertise. We look forward to helping these entrepreneurs realise their dreams.

Building classrooms at Nuzzlets

Nuzzlets is a fantastic grassroots charity that not only provides a loving home for unwanted animals, but also provides free access for people with disabilities, special needs and life-threatening illnesses to visit the centre for animal assisted therapy and education. Through our fund-raising support this year, Nuzzlets have been able to build two new mobile and woodland classrooms.

"Thanks to Joules' support, our new classrooms have become a reality and will be a huge asset to us. We are very grateful for your ongoing support"

MARY CHAPMAN
Nuzzlets

Engaging our customers with the British Beekeepers Association

We don't just support our charity partners through financial donations. In May, we held events in many of our stores across the country, bringing bee keepers into the store to meet our customers, demonstrate their expertise and to show our customers why bees are so vital to the countryside.

Designing with Farms for City Children

During the year we collaborated with Sir Quentin Blake, one of Britain's best loved illustrators, on a unique range of childrenswear. A proportion of the proceeds from the sale of these products went to Farms for City Children.

CHAPTER

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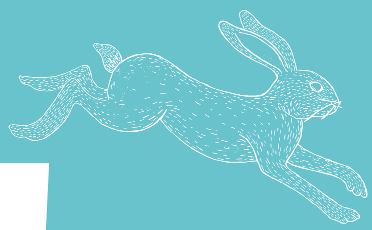

CORPORATE GOVERNANCE

Time to Shine

BOARD OF DIRECTORS

JOULES GROUP PLC

NEIL MCCAUSLAND

Non-Executive Chairman

Neil joined Joules in 2013. He also chairs Karen Millen, Create Fertility and Skin Ltd. Neil was the Senior Independent Director of the Post Office Limited for four years until September 2015, where he chaired the remuneration committee and served on both the audit and nominations committees. Prior to that he was a non-executive Director of Nuffield Health. Over the last 15 years he has chaired a number of companies, including six years as chairman of Kurt Geiger.

TOM JOULE

Founder & Chief Brand Officer

Tom Joule founded Joules in 1989. Tom learnt his trade selling branded country clothing at shows and events around Britain. The Joules brand was born after Tom's entrepreneurial spirit led him to create practical, stylish high-quality products to reflect the colourful personalities of those who love the outdoors. Between 2010 and 2015, Tom has featured three times in Drapers 100 Most Influential People in Fashion Retail. In 2015, he was a finalist in the Fashion Entrepreneur of the Year category at the Great British Entrepreneur Awards. In his current role, Tom is focused on developing the Joules brand, product and creative direction.

COLIN PORTER

Chief Executive Officer

Colin joined Joules in 2010 from Crombie, where he was Joint Managing Director. Prior to this Colin spent over 10 years at House of Fraser, becoming Commercial Director on the main board. Colin has also held a number of senior positions within the retail sector including at Etam, Laura Ashley and Arcadia.

MARC DENCH

Chief Financial Officer

Marc joined Joules in 2015 from Walgreens Boots Alliance, where he was Chief Financial Officer of its International Retail & Global Consumer Brands division. Marc has previously held a number of senior financial and corporate development positions at Alliance Boots, Homeserve, Experian and Freeserve plc. Whilst at Freeserve, he was involved in the successful IPO process and the subsequent merger with Wanadoo. Marc is a chartered accountant and has an MBA from Sauder Business School.

DAVID STEAD

Senior Independent Non-Executive Director

David joined the Board in April 2016. David is currently on the board of Card Factory plc as an Independent Non-Executive Director and is a member of the Council at the University of Birmingham. He has over 15 years experience as a director of companies in the UK retail sector. David was the CFO of Dunelm Group plc for 12 years from 2003 to 2015. Prior to this, David served as Finance Director for Boots The Chemists and Boots Healthcare International between 1991 and 2003. David is a chartered accountant, having spent the early part of his career with KPMG.

JILL LITTLE

Independent Non-Executive Director

Jill joined the Board in April 2016. Jill is currently the Senior Non-Executive Director of Shaftesbury plc and previously chaired their remuneration committee. Jill has spent the majority of her career in the retail industry, firstly at Simpsons of Piccadilly and then at the John Lewis Partnership (1975 to 2012). Jill became Merchandise Director on the board of John Lewis, moving roles to become the Strategy and International Director where she was responsible for developing the long-term strategy and international expansion of John Lewis. Thereafter Jill became Business Development Director of the John Lewis Partnership. Jill is also Chairman of National Trust Enterprises Ltd, National Trust Renewable Energy Ltd and their advisory Commercial Group.

GOVERNANCE FRAMEWORK

JOULES GROUP PLC

CHAIRMAN'S INTRODUCTION

I have pleasure in introducing the Joules Group plc Corporate Governance Statement, our first since our admittance to trading on AIM on 26 May 2016. The Board is committed to supporting high standards of corporate governance and, for this reason, we have recently implemented appropriate measures to comply, as far as is practicable, with the April 2016 UK Corporate Governance Code (the "Code"). In this section of the Annual Report we set out our governance framework and describe the work we have done to ensure good corporate governance throughout Joules Group plc and its subsidiaries ('the Group').

NEIL MCCAUSLAND
Non-Executive Chairman

BOARD SIZE AND COMPOSITION

Since admittance, the Board has comprised six Directors: a Non-Executive Chairman, two further Non-Executive Directors and three Executive Directors.

ROLE OF THE BOARD

The Board is collectively responsible for the long term success of the Group. It provides entrepreneurial leadership, sets Group strategy, upholds the Group's culture and values, reviews management performance and ensures that the Group's obligations to shareholders are understood and met.

HOW THE BOARD OPERATES

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-Executive Directors' role is to provide an independent view of the Group's business and to constructively challenge management and help develop proposals on strategy. The Board as a whole review all strategic issues and key strategic decisions on a regular basis. Control over the performance of the Group is maintained through evaluation of financial information; the monitoring of performance against key budgetary targets; and, by monitoring the return on strategic investments.

MATTERS RESERVED FOR THE BOARD

Certain matters are reserved for approval by the Board. These include:

- Strategy and business plans – including annual budget
- Acquisitions and disposals of businesses (including minority interests)
- Share capital and dividends
- Board membership and Committees and delegation of authority
- Remuneration and employment benefits
- Corporate statutory reporting
- Appointment of auditors
- New debt facilities
- Major capital and revenue commitments
- Corporate governance, policy approval, internal control and risk management
- Certain litigation matters in line with the Joules litigation reporting policy
- Corporate and social responsibilities

BOARD MEETINGS

The Board has met four times since admittance to AIM. For all Board meetings an agenda is established and a Board pack is circulated at least 48 hours ahead of the meeting. As a minimum, the items covered include:

- Financial performance review
- Management accounts and KPI's
- Update on governance, finance, legal & risk matters
- Updates on significant business initiatives
- Proposals on any major items of capital expenditure
- Health and Safety
- Compliance with banking covenants and cash flow forecast

The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within their remit. The Board considers at least annually the Group's strategic plan and, on a regular rolling basis, the Board receives presentations from management on key areas of the Group's operations.

GOVERNANCE FRAMEWORK
CONTINUED

BOARD MEETINGS

The following table shows Directors' attendance at scheduled Board and Committee meetings since admission:

	BOARD	AUDIT	REMUNERATION	NOMINATION
NEIL MCCAUSLAND	4/4	1/1	2/2	0/0
TOM JOULE	3/4	-	-	-
COLIN PORTER	4/4	-	-	-
MARC DENCH	4/4	-	-	-
DAVID STEAD	4/4	1/1	2/2	0/0
JILL LITTLE	4/4	1/1	2/2	0/0

BOARD DECISIONS AND ACTIVITY DURING THE YEAR

The Board has a schedule of regular business, financial and operational matters, and each Board Committee that has met to date has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information to enable the Board to discharge its duties. The Company Secretary compiles the Board and Committee papers which are circulated to Directors at least 48 hours prior to meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on board papers is fed back to management. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted and a written statement circulated upon resignation.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, with copies available on the Company's website (www.joulesgroup.com) or on request from the Company Secretary. The terms of reference of each Committee were put in place at the time of the Company's admission to AIM and it is intended that they will be kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each Committee comprises Non-Executive Directors of the Company. The Company Secretary is the secretary of the Audit and Nomination Committees and the Group Legal Counsel is secretary for the Remuneration Committee.

BOARD EFFECTIVENESS

The skills and experience of the Board are set out in their biographical details on page 24. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

SEPARATION OF DUTIES

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer.

The Non-Executive Directors have responsibility for determining the remuneration of Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

INDUCTION OF NEW DIRECTORS

All the Directors were either directors of the Joules Group prior to admission to AIM or were appointed on admission. The new Directors took part in an induction process, prior to joining the board, during which they undertook store and office visits; met with key employees; and received presentations from management on topics such as strategy, finance and risk. It is intended that, in the future, on joining the Board, new directors will undergo a programme which will be tailored to the existing knowledge and experience of the director concerned. The Chairman will be responsible for this process.

TIME COMMITMENTS

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they could make the required commitment before they were appointed. This requirement is also included in their letters of appointment.

The Board is satisfied that the Chairman and each of the Non-Executive Directors is able to devote sufficient time to the Company's business. There has been no change in the Chairman's other time commitments since his appointment.

EVALUATION

The Board has not conducted a formal board evaluation since admission to AIM as it is too early in the Board's operation to be meaningful. It is the Board's intention that the Chairman will meet regularly with the Non-Executive Directors without the Executive Directors being present. The Senior Independent Non-Executive Director will also meet with his fellow Non-Executive Director, at least annually, to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

DEVELOPMENT

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance development review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such positions is subject to Board approval.

CONFLICTS OF INTEREST

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association ('Articles') provide for the Board to authorise any actual or potential conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

ELECTION OF DIRECTORS

In accordance with the Company's Articles all Directors will offer themselves for election at each AGM.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control systems include:

- Day to day management of the activities of the Group by the Executive Directors
- A detailed annual budget is prepared including an integrated profit and loss, balance sheet and cash flow. The budget is approved by the Board
- Monthly reporting of performance against the budget is prepared and reviewed by the Board
- A schedule of delegated authority is maintained which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury
- Maintenance of a risk register which is reviewed at least annually by the Board

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

DIVERSITY

The Board does not have a formal board diversity policy but plans to review this during the course of the next year.

RELATIONS WITH SHAREHOLDERS

The Group intends to maintain communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities will be considered and questions answered. General information about the Group is also available on the Group's website: www.joulesgroup.com. This includes an overview of activities of the Group and details of all recent Group announcements. The Non-Executive Directors are available to discuss any matters stakeholders might wish to raise, and the Chairman and Non-Executive Directors will attend meetings with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the Board's agenda.

ANNUAL GENERAL MEETING ('AGM')

The Company's AGM will take place on 26 October 2016. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

AUDIT COMMITTEE REPORT

JOULES GROUP PLC

On behalf of the Board, I am pleased to present the Audit Committee report for the 52 weeks ended 29 May 2016.

The Audit Committee has responsibility for, amongst other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditors in that process, together with providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group, reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group. The Audit Committee also provides advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

MEMBERS OF THE AUDIT COMMITTEE

The Committee consists of three Non-Executive Directors: David Stead (Chair), Neil McCausland and Jill Little. The Auditor (Deloitte LLP), the Chief Executive Officer and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met once since the Group's admission to AIM.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a chartered accountant and I have served as Finance Director in a number of companies including Dunelm Group plc. I report formally to the Board, on all issues discussed by the Audit Committee and I present the Committee's recommendations.

The Committee also takes time to meet with the external auditors without any Executive Directors or senior management present.

DUTIES

The duties of the Audit Committee are set out in its Terms of Reference, which are available on the Group's website (www.joulesgroup.com) and are also available on request from the Company Secretary.

The Committee meets a minimum of twice per year.

The main items of business considered by the Audit Committee to date have included:

- Review of the financial statements and Annual Report
- Consideration of the external audit report and management representation letter
- Going concern review
- Review of the risk management and internal control systems
- Review the need for the internal audit function
- Review of whistleblowing reports

ROLE OF THE EXTERNAL AUDITOR

The Audit Committee monitors the relationship with the external auditor, Deloitte LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in note 5 of the Group's financial statements. The non-audit fees related to tax advisory, Remuneration Committee advice and Reporting Accountant work in relation to the Company's admission to AIM. The Audit Committee also assesses the auditor's performance. Having reviewed the auditor's independence and performance, the Audit Committee recommends that Deloitte LLP be re-appointed as the Company's auditor at the next AGM.

AUDIT PROCESS

The auditor prepares an audit plan that sets out the scope of the audit, areas to be targeted and audit timetable for its review of the full year financial statements. In future years this plan will be reviewed and agreed in advance by the Audit Committee. Following the completion of its work, the auditor presented its findings to the Audit Committee for discussion.

INTERNAL AUDIT

At present the Group does not have an internal audit function. In view of the size and nature of the Group's business, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has reviewed the framework and is satisfied that the internal control systems in place are currently operating effectively.

WHISTLEBLOWING

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda, and updates are provided at each meeting. During the year, there were no incidents for consideration.

GOING CONCERN

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future. The forecast indicates that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

DAVID STEAD
Audit Committee Chairman

NOMINATION COMMITTEE REPORT

JOULES GROUP PLC

On behalf of the board I am pleased to present the Nomination Committee Report for the 52 weeks ended 29 May 2016 (FY16).

MEMBERS OF THE NOMINATION COMMITTEE

The Nomination Committee consists of three Non-Executive Directors; Neil McCausland (Chair), David Stead and Jill Little.

DUTIES

In carrying out its duties, the Nomination Committee is primarily responsible for:

- Identifying and nominating candidates to fill Board vacancies
- Evaluating the structure and composition of the board with regard to the balance of skills, knowledge and experience and making recommendations accordingly
- Drafting the job descriptions of all Board members
- Reviewing the time requirements of Non-Executive Directors
- Giving full consideration to succession planning
- Reviewing the leadership of the Group

The Committee is scheduled to meet once a year but it will meet more frequently if required.
The Committee reports to the Board on how it has discharged its responsibilities. The Committee's written Terms of Reference are available on the Group's website (www.joulesgroup.com).

ACTIVITY DURING THE YEAR

The Committee has not met since admission to AIM but intends to do so before the end of the financial year ending May 2017 when it will agree a schedule of work for the year which will include considering long-term succession planning at the senior management level. It will also review its terms of reference and consider the management framework and governance structure currently in place.

NEIL MCCAUSLAND
Chairman
Nomination Committee

DIRECTORS' REMUNERATION REPORT

JOULES GROUP PLC

On behalf of the Board I am pleased to present the Directors' Remuneration Report for the 52 weeks ended 29 May 2016 (FY16). Although not subject to the reporting regulations of fully listed companies in the UK, the Remuneration Committee has taken account of these regulations in the preparation of the FY16 Directors' Remuneration Report as a matter of best practice.

Therefore this report is presented as:

- A Directors' Remuneration Policy Report – setting out the parameters within which the remuneration arrangements for Directors operate; and
- An Annual Report on Remuneration – setting out the remuneration earned by Directors in respect of FY16 and how we intend to apply the policy for FY17.

OUR APPROACH TO REMUNERATION – KEY PRINCIPLES

In anticipation of admission to AIM ('the IPO'), the Group undertook a review of its remuneration policy for Directors to ensure that it is appropriate for a listed company. Our policy on executive remuneration is designed to:-

- Include a competitive mix of base salary and short and long term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance;
- Promote the long-term success of the Group, in line with our strategy and focus on profitability and growth; and
- Provide appropriate alignment between the interests of shareholders and executives. Alignment is further enhanced through shareholding guidelines and the deferral of a proportion of the annual bonus as shares.

IPO ADMISSION AWARDS AND DEFERRED SHARE BONUS AWARDED IN RESPECT OF FY16

The following awards have been granted to M S Dench, in respect of FY16 to recognise his contribution to the Group since he joined the business in 2015 and in the lead up to the IPO.

- An option over 312,500 shares with an exercise price of £1.60 per share (equal to the Admission price). The face value of the award at grant was £500,000. This award will vest on the second anniversary of the date of grant – subject to continued employment; and
- A bonus of £220,000 that is deferred into shares (vesting after a three year deferral period).

The Committee is also mindful that M S Dench forfeited incentive awards in his previous employer as a consequence of joining the Group in 2015 and that he has not had the opportunity to build a significant shareholding in the Group through participation in the pre-IPO equity arrangements. Delivering these awards in shares provides alignment with the interest of shareholders.

REMUNERATION FOR THE YEAR COMMENCING 30 MAY 2016

A summary of the proposed application of our remuneration policy for FY17 is set out below:

- With effect from Admission our Executive Directors' base salaries were set at £345,000 for C N Porter, £335,000 for T S L Joule and £220,000 for M S Dench. It is intended that base salaries will be reviewed annually in December, at the same time as the pay review for the wider workforce.
- The maximum annual bonus opportunity for FY17 will be 100% of salary for C N Porter and T S L Joule and 150% of salary for M S Dench. The annual bonus is subject to the achievement of stretching profit before tax ('PBT') performance targets.
- The first awards under the Long Term Incentive Plan ("LTIP") that was adopted on Admission were granted on 6 July 2016. The maximum LTIP opportunity for C N Porter and T S L Joule was 100% of salary and 150% of salary for M S Dench. These awards are subject to stretching EPS targets.

The Committee will continue to monitor the remuneration policy to ensure it remains aligned to the business strategy and the delivery of shareholder value.

For the avoidance of doubt, the remuneration policy is not being put to the vote at the upcoming AGM.

JILL LITTLE
Chairman
Remuneration Committee

The following section sets out our Directors' Remuneration Policy (the "Policy").

The aim of the Policy is to align the interests of Executive Directors with the Group's strategic vision and the long-term creation of shareholder value. The Policy is intended to remunerate Executive Directors competitively and appropriately for effective delivery and allows them to share in this success and the value delivered to shareholders.

DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION POLICY

The table below sets out the elements of Executive Directors' compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Fixed Remuneration

ELEMENT, PURPOSE & STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY
BASIC SALARY To provide a competitive base salary for the market in which the Group operates to attract and retain Executive Directors of a suitable calibre.	Usually reviewed annually taking account of: • Group performance; • Role, experience and individual performance; • Competitive salary levels and market forces; • Pay and conditions elsewhere in the Group.	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: • Promotion; • Change in scope or increase in responsibilities; • An individual's development or performance in role; • Alignment with the market over time; • A change in the size or complexity of the business.
BENEFITS To provide market competitive benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, company car or allowance, staff discounts and the right to participate in the Save As You Earn (SAYE) scheme. Other benefits may be provided based on individual circumstances. For example, relocation or travel expenses.	Whilst the Committee has not set a maximum level of benefits that Executive Directors may receive the value of benefits is set at a level which the Committee considers appropriate, taking into account market practice and individual circumstances.
RETIREMENT BENEFITS To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension plan. In appropriate circumstances (e.g. if contributions exceed the annual or lifetime pension allowance in the UK), Executive Directors may be permitted to take the benefit as additional salary instead of pension contributions.	The contribution level for FY17 is set at 5% of salary (there is an overall limit of up to 10% of salary).

Variable Remuneration

ELEMENT, PURPOSE & STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY AND PERFORMANCE METRICS
ANNUAL BONUS Rewards performance against targets which support the strategic direction of the Group. Deferral provides a retention element through share ownership and direct alignment to shareholders' interests.	Awards are based on performance (typically measured over one year). Pay-out levels are determined by the Committee after the year end. The Committee has discretion to amend pay-outs should any formulaic output not reflect their assessment of performance. A proportion (normally 50%) of any bonus is paid in cash with the balance paid in the form of shares (subject to a de-minimis amount of £10,000) usually deferred for three years. Awards may include dividend equivalents earned between grant and vesting date.	The annual bonus opportunity is a maximum of 150% of base salary. For FY17 the maximum bonus opportunity for C N Porter and T S L Joule is 100% of salary and 150% for M S Dench. Performance measure: Targets are set annually and aligned with key financial, strategic and/or individual targets with the weightings between these measures determined by the Committee each year considering the Group's priorities at the time. FY17 bonus is based on a PBT target (with 50% of the maximum being delivered for on-target performance).
LONG-TERM INCENTIVE ('LTIP') To create alignment between the interests of Executive Directors and shareholders through the delivery of performance based awards in Group shares	Awards can be made over conditional shares or nil cost options (or cash equivalent). Vesting is subject to the achievement of specified performance conditions normally over three years. Awards may include dividend equivalents earned between grant and vesting date. Awards may be structured as Qualifying LTIP awards comprising of a HMRC tax-qualifying option and an LTIP award, with the vesting of the LTIP award scaled back to take account of any gain made on the exercise of the tax-qualifying option.	The maximum LTIP opportunity is 150% of base salary. For FY17 the maximum LTIP award for C N Porter and T S L Joule is 100% of salary and 150% of salary for M S Dench. Where an award is structured as a Qualifying LTIP, the shares subject to the tax-qualifying option element are excluded for the purposes of this limit, reflecting the scale back. Performance measure: Set to reflect longer term strategy and business performance. Performance measures and their weighting are reviewed annually to maintain appropriateness and relevance. For threshold levels of performance 25% of the award will vest rising to 100% for maximum performance. Below threshold the award will not vest. The FY17 LTIP awards are subject to EPS targets.

Information supporting the policy table

EXPLANATION OF PERFORMANCE MEASURES CHOSEN

Performance measures for the annual bonus and long-term incentive are selected that reflect the Group's strategy. Stretching performance targets are set each year by the Committee, taking into account a number of different factors.

For FY17, the annual bonus is based on PBT. Stretch targets for the maximum awards under the bonus are set against outperformance of internal company forecasts.
The performance measure for the 2016/17 LTIP grant is adjusted diluted Earnings Per Share (EPS). The Committee considers EPS to be the key measure of sustainable business performance.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year). Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

APPLICATION OF MALUS AND CLAWBACK

For up to three years following the payment of an annual bonus award (and two years after the vesting of an LTIP award), the Committee may require the repayment of all or some of the award if there is corporate failure, a material error or misstatement of the financial results, gross misconduct or if information comes to light which, had it been known, would have affected a decision as to the extent to which an award would have vested.
The Committee also has the right to reduce, cancel or impose further restrictions on unvested LTIP and deferred bonus shares in similar circumstances (including material failure of risk management).

SHAREHOLDING GUIDELINES

To promote further alignment to shareholders interests and share ownership, each Executive Director is required to build and maintain a shareholding equal to two times the value of their annual base salary. Until this guideline is met Executive Directors will be required to retain half of any shares which vest under the deferred bonus or LTIP (after sales to cover tax).

LEGACY REMUNERATION

The Committee has the right to settle remuneration arrangements that were put in place prior to this Policy being created and in respect of remuneration awarded to individuals prior to becoming an Executive Director (and which was not awarded in anticipation of becoming an Executive Director).

APPROACH TO RECRUITMENT REMUNERATION

The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director the Committee seeks to ensure that arrangements are in the best interests of the Company and not pay more than is appropriate. The Committee will take into consideration relevant factors, which may include the calibre of the individual, their existing remuneration package, and their specific circumstance, including the jurisdiction from which they are recruited.

The Committee will typically seek to align the remuneration package with the Group's Remuneration Policy. The Committee may make payments or awards to recognise or 'buy-out' remuneration packages forfeited on leaving a previous employer. The Committee's intention is that such awards would be made on a 'like-for-like' basis as those forfeited.

The remuneration package for a newly appointed Chairman or Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' Remuneration Policy.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Remuneration Policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary. Details are set out in the table below:

APPROACH TO SETTING FEES	• The fees of the Non-Executive Directors are agreed by the Chairman and CEO and the fees for the Chairman are determined by the Board as a whole. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity.
BASIS OF FEES	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board Committees. • Additional fees may also be paid for other Board responsibilities or roles. • Fees are normally paid in cash.
OTHER	• Non-Executive Directors may be eligible to receive benefits such as travel and other expenses. • Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements.

DIRECTORS' REMUNERATION REPORT CONTINUED

SERVICE CONTRACTS

Each of the Executive Directors have service contracts with the Group. The notice period of Executive Directors' service will not exceed 12 months. All Non-Executive Directors have initial fixed term agreements with the Group for no more than three years.

Details of the Directors' service contracts, are set out here:

NAME	COMMENCEMENT	NOTICE PERIOD
T S Joule	20 May 2016	12 months
C N Porter	20 May 2016	12 months
M S Dench	20 May 2016	6 months
N W McCausland	20 May 2016	1 month
J C Little	20 May 2016	1 month
D A Stead	20 May 2016	1 month

CONSULTATION WITH SHAREHOLDERS

The Committee will consider shareholder feedback received on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy.

PAYMENTS FOR LOSS OF OFFICE

Payments for loss of office will be in line with the provisions of the Executive Directors' service contracts and the rules of the share plans (as set out in the IPO Admission document). Where a buy-out award is made then the leaver provisions would be determined at the time of the award.

In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE plan. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise or any claim arising in connection with the termination of Director's office or employment.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance. There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or the agreement terminating earlier.

Unaudited Annual Report on Remuneration

SINGLE TOTAL FIGURE OF REMUNERATION

The tables below detail the total remuneration earned by each Director in respect of FY16.
As Joules was admitted to AIM on 26 May 2016, there is no disclosure in this report for prior periods.

FY16	SALARIES /FEES £000	TAXABLE BENEFITS £000	PENSION £000	TOTAL CASH COMPENSATION £000	ADMISSION AWARD & DEFERRED BONUS* £000	TOTAL REMUNERATION £000
EXCECUTIVE DIRECTORS						
T S L Joule	290.1	35.3	14.5	339.9	-	339.9
C N Porter	287.3	20.4	14.4	322.1	-	322.1
M S Dench	128.3	5.1	6.4	139.8	288.2	428.0
NON-EXCECUTIVE DIRECTORS						
N W McCausland	40.0	-	-	40.0	-	40.0
J C Little**	7.1	-	-	7.1	-	7.1
D A Stead**	7.8	-	-	7.8	-	7.8
Total	760.5	60.8	35.3	856.6	288.2	1,144.8

*As set out above to recognise his contribution to the Group since he joined in 2015 and in the lead up to the IPO, M S Dench was granted (i) an option over 312,500 shares with an exercise price of £1.60 per share on Admission (the face value of this award at grant was £500,000 and the fair value of the award included in the table £68,231); and (ii) a deferred share bonus with a face value at grant of £220,000. There were no other incentive awards vesting in respect of FY16.

**Jill Little and David Stead were appointed as Non-Executive Directors on 20 May 2016.

BASE SALARIES

The base salaries for the Executive Directors will normally be reviewed with effect from December. The salaries applicable from Admission are shown below:

EXCECUTIVE DIRECTORS	BASE SALARY AT ADMISSION
T S L Joule	£335,000
C N Porter	£345,000
M S Dench	£220,000

TAXABLE BENEFITS

Taxable benefits for the Executive Directors included a company car or allowance, private fuel and private medical insurance.

ANNUAL BONUS

Other than the deferred share bonus, described above, there was no annual bonus paid in respect of FY16.

For FY17 the annual bonus opportunity for the Executive Directors will be 100% of salary (and 150% of salary for M S Dench) subject to the achievement of stretching PBT performance targets, with payment made 50% in cash and 50% deferred into shares (vesting after a further three years). The Committee considers PBT to be the key short-term financial measure. The actual targets are not disclosed due to commercial confidentiality reasons but these will be disclosed when we report the performance out-turn in the FY17 Directors' Remuneration Report.

LONG-TERM INCENTIVES

Other than the IPO Admission award described above, there were no long-term incentive awards granted or vesting during FY16. For FY17, the Committee granted LTIP awards as set out in the table below.

SHARES	DATE OF GRANT	% OF SALARY	NUMBER OF SHARES
T S L Joule	6 July 2016	100%	194,767
C N Porter	6 July 2016	100%	200,581
M S Dench	6 July 2016	150%	191,860

C N Porter and M S Dench also received tax qualifying options of up to a maximum of £30,000, which were granted under the Tax Qualifying LTIP, and subject to the same performance conditions as the LTIP award. The tax qualifying options have an exercise price of £1.72 per share (being the market value on the date of grant). The vesting of the LTIP award will be scaled back to take account of any gain made under the tax qualifying option.

Vesting of the award will be based upon the amount of the adjusted diluted Earnings Per Share (EPS) delivered in the final Financial Year of the three year performance period (FY19). Below the threshold vesting target of 11.5p, none of this component of the award will vest. 25% of this component will vest if adjusted diluted EPS is 11.5p, with 100% vesting at 14p, and vesting determined on a straight-line basis between these figures.

EPS is the most suitable performance measure for the Group supporting a focus on profitability and growth, and has therefore been chosen as the LTIP metric.

NON-EXECUTIVE DIRECTOR FEES

Details of Non-Executive Directors' fees for FY17 are set out below:

- Chairman's fee: £75,000
- Non-Executive Director fee: £50,000 for D A Stead and £45,000 for J C Little
- Additional fee for chair of a Board Committee: £5,000

PAYMENTS MADE TO FORMER DIRECTORS DURING THE YEAR

No payments were made in the year to any former Director of the Group.

PAYMENTS FOR LOSS OF OFFICE MADE DURING THE YEAR

No payments for loss of office were made in the year to any Director of the Group.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

The interests of the Directors and their immediate families in the Group's ordinary shares as at 29 May 2016 were as follows.

EXECUTIVE DIRECTORS	29 MAY 2016 NUMBER
T S L Joule	28,147,210
C N Porter	2,129,142
M S Dench	62,500
NON-EXECUTIVE DIRECTORS	
N W McCausland	625,375
J C Little	15,625
D A Stead	31,250

The interests of the Directors and their immediate families in the Group's ordinary shares did not change between 29 May 2016 and the date these accounts were signed on 5 September 2016.

REMUNERATION COMMITTEE

The members of the Committee are Jill Little (chair), Neil McCausland and David Stead. The Group's General Counsel attends the meeting as secretary to the Committee. The Committee meets at least once a year and has responsibility for:

- Maintaining the remuneration policy;
- Reviewing and determining the remuneration packages of the Executive Directors;
- Monitoring the level and structure of the remuneration of Senior Management; and
- Production of the annual report on Directors' remuneration.

The Chief Executive Officer and Chief Financial Officer occasionally attend meetings and provide information and support as requested. Neither Executive Director is present when his remuneration package is considered.

The duties of the Remuneration Committee are set out in its Terms of Reference, which are available on the Group's website (www.joulesgroup.com) and are also available on request from the Company Secretary.

This report was approved by the Board on 25 August 2016 and signed on its behalf by:

JILL LITTLE
Chairman
Remuneration Committee

DIRECTORS' REPORT

JOULES GROUP PLC

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the 52 weeks ended 29 May 2016. The Governance Framework Section on pages 25 to 27 also forms part of this Directors' Report.

DIRECTORS

The Directors of the Company during the period under review, and subsequently to the date of this report, were:

- NEIL MCCAUSLAND
- TOM JOULE
- COLIN PORTER
- MARC DENCH
- DAVID STEAD
- JILL LITTLE

RESULTS AND DIVIDENDS

Results for the 52 weeks ended 29 May 2016 are set out in the Consolidated Income Statement on page 43. As set out in the IPO Admission Document, the Directors are not recommending a dividend for FY16.

ARTICLES OF ASSOCIATION

A copy of the full Articles of Association are available on request from the Company Secretary and are also available on the Group's corporate website www.joulesgroup.com. Any amendments to the articles of association can be made by a special resolution of the Shareholders.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Details of the issued share capital, together with details of the movements during the year, are shown in Note 20 to the Consolidated Financial Statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company.

At 19 August 2016 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

	% of issued share capital
TOM JOULE	32.20%
BLACKROCK	14.61%
STANDARD LIFE	8.80%
LLOYDS DEVELOPMENT CAPITAL	7.14%
OLD MUTUAL GLOBAL INVESTORS	5.69%
VOLANTIS CAPITAL	4.14%
COLUMBIA THREADNEEDLE INVESTMENTS	3.66%

ACQUISITION OF THE COMPANY'S OWN SHARES

Conditional on Admission, the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to 8,749,979 Ordinary Shares (being approximately 10 per cent of the Share Capital) on such terms and in such manner as the Directors of the Company may from time to time determine. This authority was not used during the year or up to the date of this report. Shareholders will be asked to renew these authorities at the AGM as detailed in the AGM Notice. The Company held no treasury shares during the year.

DIRECTORS' INTERESTS

Details of the Directors' beneficial interests are set out in the Remuneration Report on pages 31 to 35.

DIRECTORS' INDEMNITIES AND DIRECTORS AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's articles.

FINANCIAL RISK MANAGEMENT

Details of the Directors' assessment of the principal risks and uncertainties which could impact the business are outlined in the Principal Risks & Uncertainties section on pages 18 and 19. The Board manages internal risk through the on-going review of the Group's risk register and the Board manages external risk through monitoring of the economic and regulatory environment and market conditions.

GOING CONCERN

The Company's going concern statement can be found in the Consolidated Financial Statements on page 50.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

ANNUAL GENERAL MEETING

The Company's first AGM will be held on 26 October 2016.

FUTURE DEVELOPMENTS IN THE BUSINESS OF THE COMPANY

The Strategic Report on pages 8 to 21 sets out the likely future developments of the Company.

CHANGE OF CONTROL

So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

BRANCHES OUTSIDE THE UK

The Group has branches in France, Germany and the Republic of Ireland.

POLITICAL DONATIONS

No political donations were made during the period under review.

EMPLOYEE INVOLVEMENT

The Directors' recognise that communication with the Group's employees is essential and the Group places importance on the contributions and view of its employees. Details of employee involvement are set out in the Social Responsibility Report on pages 20 and 21.

DISABLED EMPLOYEES

Details of the Group's policy in relation to disabled employees is set out in the Social Responsibility Report on pages 20 and 21.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each Director in office at the date the Directors' Report is approved, the following applies:

- The Director knows of no information, which would be relevant to the auditors for the purpose of their audit report, of which the auditors are not aware; and
- The Director has taken all steps that he/she ought to have taken as a director to make him/herself aware of any such information and to establish that the auditors are aware of it.

AUDITOR

The Auditor, Deloitte LLP, has indicated their willingness to continue in office and a resolution seeking to re-appoint them will be proposed at the AGM.

JONATHAN DARGIE
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

JOULES GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Directors' Report and financial statements are made available on a website. Financial statements are published on the Company's website (www.joulesgroup.com) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

MARC DENCH
Chief Financial Officer

5 September 2016

CHAPTER

3

CONSOLIDATED FINANCIAL STATEMENTS

No Grey Areas

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOULES GROUP PLC

We have audited the financial statements of Joules Group plc (the 'Company') and its subsidiaries (the 'Group') for the 52 week period ended 29 May 2016 ('period') which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 30, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 7. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework' applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 29 May 2016 and of the group's loss for the period then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

MARK DOLEMAN FCA
Senior statutory auditor

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

5 September 2016

CONSOLIDATED INCOME STATEMENT

JOULES GROUP PLC

	NOTE	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
REVENUE	2	131,262	116,421
Cost of sales		(61,003)	(54,386)
GROSS PROFIT		**70,259**	**62,035**
Administrative expenses		(62,296)	(56,458)
Exceptional administrative expenses	5	(3,128)	(500)
Total administrative expenses		**(65,424)**	**(56,958)**
OPERATING PROFIT	6	**4,835**	**5,077**
Finance income & similar incomes		-	190
Finance costs and similar charges	7	(461)	(416)
Non-recurring finance costs	7	(5,554)	(4,762)
PROFIT/(LOSS) BEFORE TAX		**(1,180)**	**89**
Income tax expense	8	(613)	(529)
PROFIT/(LOSS) FOR THE PERIOD		**(1,793)**	**(440)**
Basic earnings/(loss) per share (pence)	29	**(2.04)**	(0.50)
Diluted earnings/(loss) per share (pence)	29	**(2.04)**	(0.50)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JOULES GROUP PLC

	NOTE	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Profit/(loss) for the period		(1,793)	(440)
Items that may be reclassified subsequently to profit or loss:			
Net gain/(loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges	22	(26)	2,221
Exchange difference on translation of foreign operations	22	(48)	(31)
Income tax relating to items that will be reclassified subsequently to profit and loss	8	15	(444)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD		**(1,852)**	**1,306**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JOULES GROUP PLC

	NOTE	29 MAY 2016 £'000	31 MAY 2015 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	11,151	11,458
Intangibles	11	5,903	4,416
Deferred tax	19	653	803
TOTAL NON-CURRENT ASSETS		**17,707**	**16,677**
CURRENT ASSETS			
Inventories	12	19,253	17,652
Trade and other receivables	14	10,856	10,156
Current corporation tax receivable		231	179
Cash and cash equivalents	24	9,278	2,121
Derivative financial instruments	13	474	500
TOTAL CURRENT ASSETS		**40,092**	**30,608**
TOTAL ASSETS		**57,799**	**47,285**
CURRENT LIABILITIES			
Trade and other payables	15	27,919	18,716
Borrowings	17	5,461	7,629
Provisions	16	773	587
TOTAL CURRENT LIABILITIES		**34,153**	**26,932**
NON-CURRENT LIABILITIES			
Borrowings	17	627	43,827
TOTAL LIABILITIES		34,780	**70,759**
NET ASSETS/(LIABILITIES)		**23,019**	**(23,474)**
EQUITIES			
Share capital	20	875	91,510
Hedging reserve	22	389	400
Translation reserve	22	(72)	(24)
Merger reserve	21	(125,807)	(125,662)
Retained earnings	21	136,224	10,302
Share premium	21	11,410	-
TOTAL EQUITY		**23,019**	**(23,474)**

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 5 September 2016 and were signed on behalf of the Board of Directors by -

MARC DENCH
Chief Financial Officer

5 September 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

JOULES GROUP PLC

	MERGER RESERVE £'000	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
Balance at 25 May 2014	**(125,662)**	**(1,377)**	**7**	**91,510**	**-**	**10,742**	**(24,780)**
Loss for the period	-	-	-	-	-	(440)	(440)
Other comprehensive income for the period	-	1,777	(31)	-	-	-	1,746
Balance at 30 May 2015	**(125,662)**	**400**	**(24)**	**91,510**	**-**	**10,302**	**(23,474)**
Loss for the period	-	-	-	-	-	(1,793)	(1,793)
Other comprehensive income for the period	-	(11)	(48)	-	-	-	(59)
Share buyback (note 20)	(145)	-	-	-	-	-	(145)
Share issue (note 20)	-	-	-	37,009	-	-	37,009
Share capital reduction (note 20)	-	-	-	(127,715)	-	127,715	-
Share issue (note 20)	-	-	-	71	11,410	-	11,481
Balance at 29 May 2016	**(125,807)**	**389**	**(72)**	**875**	**11,410**	**136,224**	**23,019**

CONSOLIDATED CASH FLOW STATEMENT

JOULES GROUP PLC

	NOTE	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Net cash inflow from operating activities			
Profit before interest and income taxes		**4,835**	5,077
Adjustments for:			
Depreciation	10	4,516	4,242
Amortisation	11	1,011	554
Impairment of fixed assets		380	500
Profit on sale of fixed assets		-	-
Finance income		-	190
Finance expense		(461)	(416)
Tax paid		(500)	(1,069)
(Increase)/decrease in inventory		(1,601)	(4,285)
(Increase)/decrease in receivables		(700)	(2,082)
Increase/(decrease) in payables		9,389	3,330
Net cash from operating activities		**16,869**	**6,041**
Cash flow from investing activities			
Purchase of property, plant and equipment	10/11	(7,087)	(8,792)
Sale of property, plant, equipment and intangible assets		-	-
Net cash used in investing activities		**(7,087)**	**(8,792)**
Cash flow from financing activities			
Proceeds from new share capital subscribed	20	11,481	-
Redemption of shares	20	(145)	-
Repayment of borrowings	23	(13,913)	(393)
Proceeds from borrowings	23	-	1,049
Net cash (used in)/generated from financing activities		**(2,577)**	**656**
Net (decrease)/increase in cash and cash equivalents	23	7,205	**(2,095)**
Cash and cash equivalents at beginning of period		2,121	4,247
Effect of foreign exchange rate changes		(48)	(31)
Cash and cash equivalents at end of period	24	**9,278**	**2,121**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JOULES GROUP PLC

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The particular accounting policies adopted and applied are described below.

The Group financial statements comprise the financial information of the parent undertaking and its subsidiary undertakings.

The principal activity of the group is the design and sale of lifestyle clothing, related accessories and a homeware range, through the multi-channel business structure embracing retail stores, e-commerce, county shows and events and wholesale. The company's registered office is Joules Building, The Point, Rockingham Road, Market Harborough, Leicestershire, LE16 7QU.

(IFRSs) Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (September 2014 amendments)
IFRS 7 Financial Instruments: Disclosures (September 2014 amendments)
IFRS 9 Financial Instruments (July 2014 amendments)
IFRS 10 Consolidated Financial Statements (December 2014 amendment)
IFRS 11 Joint Arrangements (May 2014 amendments)
IFRS 12 Disclosure of Interests in Other Entities (December 2014 amendments)
IFRS 14 Regulatory Deferral Accounts (January 2014)
IFRS 15 Revenue from Contracts with Customers (May 2014 and September 2015 amendments)
IFRS 16 Leases (January 2016 amendments)
IAS 1 Presentation of Financial Statements (December 2014 amendments)
IAS 7 Statement of Cash Flows (January 2016 amendments)
IAS 12 Income Taxes (January 2016 amendments)
IAS 16 Property, Plant and Equipment (May and June 2014 amendments)
IAS 19 Employee Benefits (September 2014 amendments)
IAS 27 Separate Financial Statements (August 2014 amendments)
IAS 28 Investments in Associates and Joint Ventures (December 2014 amendments)
IAS 34 Interim Financial Reporting (September 2014)
IAS 38 Intangible Assets (May 2014 amendments)

The effect of these standards is not expected to be material to the financial statements, with the potential exception of IFRS 16 Leases, however it is not practicable to provide an estimate of the effect of these standards until a detailed review has been completed.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Preparation

The historical financial information incorporates the financial statements of the group and entities controlled by the Group (its subsidiaries) to 31 May 2015 and 29 May 2016.

The historic financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with International Financial Reporting Standards adopted by the European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger reserve

Business combinations are dealt with under IFRS 3, IFRS 3 however does not apply to group reconstructions. Joules Group plc, a company incorporated in England and Wales entered into an agreement to acquire the entire issued share capital of Joules Investments Holdings Limited, however as the majority of shareholders before and after the transaction remained the same the transaction is therefore a group reconstruction.

There is currently no specific guidance on accounting for group reconstructions such as this transaction under IFRSs. In the absence of specific guidance, entities should select an appropriate accounting policy and IFRS permits the consideration of pronouncements of other standard-setting bodies. This group reconstruction as scoped out of IFRS 3 has therefore been accounted for using reverse acquisition accounting principles in accordance with UK GAAP. Reverse acquisition accounting is a technique used in preparing consolidated accounts resulting in the following practical effects;

- The net assets of the two companies are combined using existing book values, with adjustments made as necessary to ensure that the same accounting policies are applied to the calculation of the net assets of both companies;
- No amount is recognised as consideration for goodwill or negative goodwill;
- The consolidated profit and loss account includes the profits of each company for the entire period, regardless of the date of the reconstruction, and the comparative amounts in the consolidated financial statements are restated to the aggregate of the amounts recorded by the two companies;
- The retained earnings reserve includes the cumulative results of each company, regardless of the date of the reconstruction, and the comparative amounts in the statement of financial position are restated to the aggregate of the retained earnings reserves recorded by the two companies; and
- A merger reserve is created being the premium on equity consideration used in the acquisition of subsidiary Joules Investments Holdings Limited, by Joules Group plc in 2016 plus cumulative retained earnings of each company as at the combination date.

Going concern

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future. The forecast indicates that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. As such, they continue to prepare the financial statements on the basis of going concern.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their fair value, being the deemed cost at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Certain items of property, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Other items are stated at historical cost less accumulated depreciation and accumulated impairment losses. All assets are depreciated on the straight-line basis over their estimated useful lives.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease term, whichever is the shorter.

Leasehold improvements	- straight line over the lease period
Fixtures and fittings	- straight line over 3 – 5 years
Motor vehicles	- straight line over 4 years

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

IT Projects

Software and IT represent computer systems and processes used by the Group in order to generate future economic value through normal business operations. The underlying assets are amortised over the period from which the Group expects to benefit, which is typically between three to eight years.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into GBP using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Hire purchase and leasing commitments (Leasing)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Pensions

The Group operates a defined contribution pension scheme. Contributions payable for the period are recognised as an expense when employees have rendered service entitling them to the contributions.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Returns provision

Present obligations arising under sales returns are recognised and measured as provisions when it is probable that the Group will be required to settle the obligation under sales contracts.

Lease dilapidation

The Group recognises present obligations arising from lease contracts where it is required to restore the stores to their pre lease condition upon the expiry of leases.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Trade and other receivables

Trade and other receivables originated by the company are stated at amortised cost as reduced by appropriate allowances for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the statement of financial position and include overdrafts where these are used on a day to day basis to manage cash.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial Liabilities and Equity Instruments

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at Fair Value Through the Profit and Loss account 'FVTPL'

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities

Other financial liabilities, including loans payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at the net proceeds received.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, through the use of foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Critical accounting judgements and key sources of estimation uncertainty

Drawing up the financial statements in accordance with IFRS requires management to make the necessary estimates and assessments. Estimates are based on past experience and other reasonable assessment criteria. There remains a probability, however, that the estimates and assessments will bring about an adjustment in the value of the assets and liabilities in future financial years.

The directors have made significant accounting estimates and judgements in applying the Group's accounting policies in the following areas:

Impairment: Stores are identified for further impairment testing primarily on the basis of current performance, with growth assumptions based on directors' knowledge and experience. The directors have used forecast models and an appropriate pre-tax weighted average cost of capital in its property, plant and equipment impairment calculations.

Inventory valuation: The directors have used their knowledge and experience of the retail industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the retail industry vary with changes in consumer demand. As a result there is a risk that the cost of inventory exceeds its net realisable value. Management calculate the inventory provision on the basis of the ageing profile of what is in stock. Adjustments are made where appropriate based on directors' knowledge and experience to calculate the appropriate inventory carrying values.

2. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the Group.

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Sale of goods	131,262	116,421
Finance income and similar incomes	-	190
	131,262	116,611

3. SEGMENT REPORTING

The Group has three reportable segments; Retail, Wholesale and Other. For each of the three segments, the Group's chief operating decision maker (the "Board") reviews internal management reports on a monthly basis. Each segment can be summarised as follows:

- **Retail:** Retail includes sales and costs relevant to Stores, E-commerce, Shows and Franchises.
- **Wholesale:** Wholesale includes sales and costs relevant to the sale of products to other retail businesses or distributors for onward sale to their customer.
- **Other:** Other includes income from licencing, central costs and items that are not distinguishable into categories above.

The accounting policies of the reportable segments are the same as described in note 1. Information regarding the results of each reportable segment is included below. Segment results before exceptional items are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Segment Revenue and Results

52 WEEKS ENDED 29 MAY 2016	RETAIL £'000	WHOLESALE £'000	OTHER £'000	TOTAL £'000
Revenue	93,687	37,196	379	131,262
Cost of sales	(36,616)	(24,387)	-	(61,003)
Gross profit	**57,071**	**12,809**	**379**	**70,259**
Administration expenses	(34,146)	(5,998)	(16,348)	(56,492)
Segment result	**22,925**	**6,811**	**(15,969)**	**13,767**
Reconciliation of segment result to profit before tax				
Segment result	**22,925**	**6,811**	**(15,969)**	**13,767**
Depreciation and amortisation	(3,306)	(258)	(1,963)	(5,527)
Central administrative expenses				(277)
Exceptional costs				(3,128)
Net finance expense				(6,015)
Interest receivable and similar income				-
Loss before tax				**(1,180)**

53 WEEKS ENDED 31 MAY 2015	RETAIL £'000	WHOLESALE £'000	OTHER £'000	TOTAL £'000
Revenue	84,413	31,633	375	116,421
Cost of sales	(35,009)	(19,377)	-	(54,386)
Gross profit	**49,404**	**12,256**	**375**	**62,035**
Administration expenses	(31,865)	(4,762)	(14,698)	(51,325)
Segment result	**17,539**	**7,494**	**(14,323)**	**10,710**
Reconciliation of segment result to profit before tax				
Segment result	**17,539**	**7,494**	**(14,323)**	**10,710**
Depreciation and amortisation	(2,956)	(161)	(1,679)	(4,796)
Central administrative expenses				(337)
Exceptional costs				(500)
Net finance expense				(5,178)
Interest receivable and similar income				190
Profit before tax				**89**

3. SEGMENT REPORTING (Continued)

There are no discontinued operations in the period.

GEOGRAPHICAL INFORMATION

The Group's revenue from external customers by geographical location are as detailed below. Predominantly all non-current assets (excluding financial instruments, deferred tax assets and other financial assets) are situated in the UK, therefore separate geographical disclosure of non-current assets is not considered necessary.

	UK £'000	INTERNATIONAL £'000	SUPPORT £'000	TOTAL £'000
52 weeks ended 29 May 2016	118,041	13,222	-	131,262
53 weeks ended 31 May 2015	105,819	10,602	-	116,421

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Staff costs during the period		
Wages and salaries	19,918	17,721
Social security costs	1,884	1,502
Other pension costs	227	236
	22,029	**19,459**

	NUMBER	NUMBER
Average number of persons employed		
Head office	353	317
Stores and Shows	998	932
Warehousing	88	79
	1,439	1,328

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Directors' remuneration	1,145	867

	NUMBER	NUMBER
The number of directors to whom retirement benefits are accruing are as follows:		
Defined contribution scheme	3	3

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Highest paid director		
Emoluments	428	326

5. EXPENSES BY NATURE

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Cost of inventories	51,572	46,842
Transportation, carriage and packing	6,905	5,450
Employees remuneration and benefits and third party labour costs	25,597	22,984
Depreciation and amortisation	5,527	4,796
Exceptional impairment	380	500
Other expenses	36,446	30,772
	126,427	111,344

Other expenses and exceptional impairment include £3,128,000 for May 2016 (May 2015: £500,000) of exceptional items which have been disclosed separately on the face of the income statement in order to summarise the underlying results. Neither 'underlying profit or loss' nor 'exceptional items' are defined by IFRS however the directors believe that the disclosures presented in this manner provide clear presentation of the financial performance of the Group.

Other expenses include £3,162,000 of costs and offsetting income, which net to £nil, that were incurred as part of the listing of Joules Group plc on AIM. These costs were recharged to the exiting shareholders as the listing related to the disposal of their shares. The net amount of £nil has been classified as Exceptional.

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the Group's annual accounts	44	40
Total audit fees	44	40
Other services pursuant to legislation:		
Tax compliance	66	15
Tax advice	74	99
Services relating to IPO	803	-
Other	5	6
Total non-audit fees	948	120

6. OPERATING PROFIT

OPERATING PROFIT IS STATED AFTER CHARGING/(CREDITING):	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Hire of plant and machinery	444	597
Other operating leases	8,570	7,928
Depreciation, amortisation and impairment of fixed assets	5,907	5,296
(Profit)/loss on disposal of fixed assets	-	-

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Bank loan interest	461	416
Shareholder loan note interest	4,676	4,399
Amortisation of debt costs	878	363
	6,015	5,178

Amortisation of debt costs relate to fees incurred in 2013 with regard to the Shareholder loan notes, as these fees related to a debt facility they were amortised over the expected life of the facility. During the period, the Shareholder loan note debt was settled and all remaining unamortised debt costs were expensed.

8. INCOME TAX

a) Analysis of charge in the period	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Current tax		
UK corporation tax based on the profit/(loss) for the period	869	1,083
Adjustment in respect of prior periods	(438)	(561)
Overseas tax	17	21
Total current tax charge	448	543
Deferred taxation (note 19)		
Adjustment in respect of prior periods	225	330
Origination and reversal of timing differences	(142)	(358)
Effect of adjustment in tax rate	82	14
Total deferred taxation charge/(credit)	165	(14)
Tax charge for the period (note 8b)	613	529

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income.

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Deferred taxation (note 19)		
Gains/(losses) arising during the period on deferred tax on cash flow hedges	15	(444)
Total income tax gain / (loss) recognised in other comprehensive income	15	(444)

8. INCOME TAX (continued)

b) Factors affecting the tax charge for the period

There are reconciling items between the expected tax charge and the actual which are shown below:

	52WKS ENDED 29 MAY 2016 £'000	53WKS ENDED 31 MAY 2015 £'000
Profit / (loss) before taxation	(1,180)	89
UK corporation tax at the standard rate	20.0%	20.8%
	(236)	19
Effects of:		
Expenses/(credits) not deductible for tax purposes and other permanent differences	940	553
Difference in overseas tax rate	17	11
Effect of adjustment in tax rate	82	14
Losses not recognised due to uncertainty	23	163
Adjustment in respect of prior period	(213)	(231)
Tax expense for the period (note 8a)	613	529

The 2013 budget issued on 20 March 2013 announced that the main rate of corporation tax would be reduced to 21% from 1 April 2014 and to 20% from 1 April 2015. The UK corporation tax at the standard rate for the year is therefore 20.0% (2015: 20.8%).

In July 2015 the UK government announced its intention to reduce the standard corporation tax rate to 18% by 2020. The measure to reduce the rate to 19% for the financial year beginning 1 April 2017 and to 18% for the financial year beginning 1 April 2020 were substantively enacted on 26 October 2015 and have been reflected in the calculation of deferred tax in the May 2016 numbers.

9. SUBSIDIARIES

As at the period-end the Group had the following subsidiaries, those marked with * being indirect holdings:

SUBSIDIARY NAME	NATURE OF BUSINESS	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST	PROPORTION OF VOTING POWER HELD
Joules Investments Holdings Limited	Holding company	England and Wales	100%	100%
Joules Limited*	Retailer	England and Wales	100%	100%
Joules Hong Kong Limited*	Overseas trading entity	Hong Kong	100%	100%
Wickmere No 1 Limited*	Dormant company	England and Wales	100%	80%
Wickmere No 2 Limited*	Dormant company	England and Wales	100%	100%
Joules Clothing Shanghai Company Limited*	Overseas office	China	100%	100%
Joules USA Inc.*	Overseas trading entity	USA	100%	100%
Joules Clothing Limited*	Dormant company	England and Wales	100%	100%
Joules (Market Harborough) Limited*	Dormant company	England and Wales	100%	100%

On 26 May 2016, the company acquired 100% of the issued share capital of Joules Investments Holdings Limited. All the other entities detailed above have been in existence for the whole of the reporting period.

On 30th August 2016 the dormant entities; Wickmere No 1 Limited; Wickmere No 2 Limited; Joules Clothing Limited; and Joules (Market Harborough) Limited were struck off.

10 and 11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	PROPERTY, PLANT AND EQUIPMENT				INTANGIBLES	
COST	LEASEHOLD IMPROVEMENTS £'000	FIXTURES AND FITTINGS £'000	MOTOR VEHICLES £'000	TOTAL £'000	IT SYSTEMS £'000	TOTAL £'000
At 25 May 2014	155	21,370	514	22,039	2,544	2,544
Additions	-	5,391	16	5,407	3,385	3,385
At 31 May 2015	155	26,761	530	27,446	5,929	5,929
At 1 June 2015	155	26,761	530	27,446	5,929	5,929
Additions	-	4,589	-	4,589	2,498	2,498
Disposals	(55)	(8,570)	(404)	(9,029)	(674)	(674)
At 29 May 2016	100	22,780	126	23,006	7,753	7,753
ACCUMULATED DEPRECIATION/ AMORTISATION						
At 25 May 2014	111	10,658	477	11,246	959	959
Charge for the period	8	4,203	31	4,242	554	554
Impairment	-	500	-	500	-	-
At 31 May 2015	119	15,361	508	15,988	1,513	1,513
At 1 June 2015	119	15,361	508	15,988	1,513	1,513
Charge for the period	5	4,504	7	4,516	1,011	1,011
Disposals	(55)	(8,570)	(404)	(9,029)	(674)	(674)
Impairment	-	380	-	380	-	-
At 29 May 2016	69	11,675	111	11,855	1,850	1,850
NET BOOK VALUE						
At 25 May 2014	44	10,712	37	10,793	1,585	1,585
At 31 May 2015	36	11,400	22	11,458	4,416	4,416
At 29 May 2016	31	11,105	15	11,151	5,903	5,903

Property, Plant and Equipment and Intangibles

During the period the Directors conducted a detailed review of the Group's fixed assets, as a result of this review £9,044,000 (£8,370,000 of Property, Plant and Equipment; £674,000 of Intangibles) of nil book value items which were no longer in existence or use as at the balance sheet date were identified, these have been recorded as a disposal above.

12. INVENTORIES

	29 MAY 2016 £'000	31 MAY 2015 £'000
Goods for resale	14,594	15,767
Goods in transit	4,659	1,885
	19,253	17,652

There is no material difference between the balance sheet value of stocks and their replacement cost.

The cost of inventories recognised as an expense during the year in respect of continuing operations in the 52 weeks ended 29 May 2016 was £51,572,000 (53 weeks ended 31 May 2015: £46,842,000).

The cost of inventories recognised as an expense includes £196,000 for the 52 weeks ended 29 May 2016 (53 weeks ended 31 May 2015: £342,000) in respect of write-downs of inventory to net realisable value. During the period £33,000 (53 weeks ended 31 May 2015: £349,000) of stock previously provided for was sold and the provision was therefore released.

Product is purchased on a seasonal basis with the intention of selling that stock within 12 months of the balance sheet date. Any aged stock is appropriately provided.

13. OTHER FINANCIAL ASSETS/(LIABILITIES)

	29 MAY 2016 £'000	31 MAY 2015 £'000
Derivatives designated and effective as hedging instruments carried at fair value:		
Forward foreign currency contracts	474	500

Forward contracts and options

The Group enters into forward foreign exchange contracts and options to manage the risk associated with anticipated sale and purchase transactions which are denominated in foreign currencies.

As at 29 May 2016, the Group has 65 (May 2015: 35) forward foreign exchange contracts outstanding. Derivative financial instruments are carried at fair value.

The following table details the USD foreign currency contracts outstanding as at the balance sheet date.

(a) Average exchange £/$ rate	29 MAY 2016	31 MAY 2015
3 months or less	1.5394	1.5597
3 to 6 months	1.4764	1.5281
6 to 12 months	1.4430	1.5354
Over 12 months	-	-

(b) Contract value	29 MAY 2016 £'000	31 MAY 2015 £'000
3 months or less	8,960	3,751
3 to 6 months	13,524	8,837
6 to 12 months	19,908	18,466
Over 12 months	-	-
	42,392	31,054

(c) Foreign currency	29 MAY 2016 $'000	31 MAY 2015 $'000
3 months or less	13,500	5,731
3 to 6 months	20,000	13,478
6 to 12 months	29,150	28,216
Over 12 months	-	-
	62,650	47,425

13. OTHER FINANCIAL ASSETS/(LIABILITIES) (Continued)

(d) Fair value	29 MAY 2016 £'000	31 MAY 2015 £'000
3 months or less	300	180
3 to 6 months	149	63
6 to 12 months	25	257
Over 12 months	-	-
	474	500

The Company also holds two Euro to GBP forward options with a notional value of £3,000,000 and fair value of £36,454 for 3 to 6 months and £41,521 for 6 to 12 months.

14. TRADE AND OTHER RECEIVABLES

	29 MAY 2016 £'000	31 MAY 2015 £'000
Trade receivables – gross	2,915	2,601
Allowance for doubtful debts	(165)	(149)
Trade receivables – net	2,750	2,452
Other receivables	824	706
Prepayments	7,282	6,998
Total trade and other receivables	10,856	10,156

All of the other receivables and prepayment balances above are deemed to be current; the disclosures below relate only to the trade receivables balance. The Directors review the recoverability of trade receivables on a regular basis and calculate the allowance for doubtful debts on both a specific, customer by customer basis and a general basis.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly the directors believe that there is no further credit provision risk required in excess of the allowance for doubtful debts.

Included within the Group's trade receivables (gross) balance are debtors with a carrying value of £1,020,000 (2015: £766,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due trade receivables	29 MAY 2016 £'000	31 MAY 2015 £'000
1-30 days	706	534
31-60 days	357	295
60-90 days	97	86
90+ days	25	-
Total past due trade receivables	1,185	915
Current	1,730	1,686
Total trade receivables	2,915	2,601

Movement in the allowance for doubtful debts

Balance at beginning of period	149	38
Bad debt write (back)/off	119	276
Movement in doubtful debt estimate	(103)	(165)
Balance at end of period	165	149

15. TRADE AND OTHER PAYABLES

	29 MAY 2016 £'000	31 MAY 2015 £'000
Trade payables	15,353	9,337
Other taxation and social security	1,069	792
Other payables	1,159	1,717
Accruals and deferred income	10,338	6,870
	27,919	18,716

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximate to their fair value.

16. PROVISIONS

	29 MAY 2016 £'000	31 MAY 2015 £'000
Returns provision	506	172
Dilapidations	267	415
	773	587

	DILAPIDATIONS £'000	RETURNS PROVISION £'000	TOTAL £'000
At 31 May 2015	415	172	587
Additional provision during the period	-	544	544
Reversal of provision during the period	(52)	-	(52)
Utilisation of provision	(96)	(210)	(306)
At 29 May 2016	267	506	773

Returns provision

Present obligations arising under sales returns are recognised and measured as provisions when it is probable that the Group will be required to settle the obligation under sales contracts. Returns provisions in existence at the balance sheet date are expected to be utilised within 12 months, the provision is recalculated at each balance sheet date taking into account recent sales and anticipated levels of returns.

Lease dilapidation

The Group recognises present obligations arising from lease contracts where it is required to restore the stores to their pre-lease condition upon the expiry of leases. Lease dilapidations provisions are expected to be utilised between 0-3 years in line with the expiry of the leases.

17. BORROWINGS

	29 MAY 2016 £'000	31 MAY 2015 £'000
Bank loans	5,009	7,068
Asset loans	1,079	1,566
Shareholder loan notes	-	43,699
Financing costs capitalised	-	(877)
	6,088	51,456

Borrowings are repayable as follows:

Bank loans		
Within one year	5,009	7,068
Asset loans		
Within one year	452	561
Between one and two years	333	490
Between two and five years	294	515
	1,079	1,566
Shareholder loan notes		
Between two and five years	-	17,480
After five years	-	26,219
	-	43,699
Financing costs capitalised	-	(877)
	-	42,822
Total borrowings		
Between one and two years	333	490
Between two and five years	294	17,995
After five years	-	26,219
Financing costs capitalised	-	(877)
	627	43,827
On demand or within one year	5,461	7,629
	6,088	51,456

Summary of borrowing arrangements

The Bank Loan is a Revolving Credit Facility in which amounts drawn down are generally repayable within three months. The facility matures in May 2020. The asset loans are secured against the assets to which they relate. Interest is paid at varying rates above base rate.

The shareholder loan notes were issued in November 2013 and were repayable in equal amounts representing 20% of the outstanding balance annually from 31 October 2018 for a period of 5 years. Interest accrued annually at 11% and was added to the principal amount outstanding. The loan notes were settled in full on 26th May 2016 as a part of the IPO on admission to AIM.

The weighted average interest rates paid during the period were as follows:

	52 WKS ENDED 29 MAY 2016 %	53 WKS ENDED 31 MAY 2015 %
Asset loans	7.4	8.9
Shareholder loan notes	11.0	11.0
Bank loans	3.0	3.0

18. FINANCIAL COMMITMENTS

Operating Lease Commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

LAND & BUILDINGS	29 MAY 2016 £'000	31 MAY 2015 £'000
Leases expiring:		
Not later than 1 year	8,040	7,996
Later than 1 year and not later than 5 years	27,881	26,497
Later than 5 years	17,550	16,975
	53,471	51,468

OTHER	29 MAY 2016 £'000	31 MAY 2015 £'000
Leases expiring:		
Not later than 1 year	333	299
Later than 1 year and not later than 5 years	359	495
Later than 5 years	-	-
	692	794

19. DEFERRED TAXATION

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	29 MAY 2016 £'000	31 MAY 2015 £'000
Difference between depreciation and capital allowances		
Balance brought forward	535	572
(Charge)/credit to income statement	169	(37)
Balance at end of period	704	535
Other short term timing differences		
Balance brought forward	268	661
(Charge)/credit to income statement	(334)	51
(Charge)/credit to other comprehensive income	15	(444)
Balance at end of period	(51)	268
Total deferred tax asset at end of period	653	803
Movement		
Balance brought forward	803	1,233
(Charge)/credit to income statement (note 8)	(165)	14
(Charge)/credit to other comprehensive income (note 8)	15	(444)
Balance at end of period	653	803

There is no unprovided deferred tax in either the current or prior period for the Group (May 2015: £nil). The deferred tax asset recognised in the current period is expected to be utilised against future taxable profits.

20. CALLED UP SHARE CAPITAL

	29 MAY 2016 £'000	31 MAY 2015 £'000
Allotted and issued		
87,499,796 Ordinary shares of £0.01 each	875	91,510

The company was incorporated on 1 May 2016. The acquisition of Joules Investments Holdings Limited by Joules Group plc on 26 May 2016 has been accounted for using reverse acquisition accounting principles. The effect of using reverse acquisition accounting principles on share capital is that the capital that existed as at the point Joules Group plc legally acquired Joules Investments Holdings Limited is accounted for as if it had been in existence as at the comparative period end (31 May 2015) and as at the opening balance sheet date (25 May 2014).

The comparative period share capital therefore comprises the following transactions:

The company was incorporated on 1 May 2016, upon incorporation the company issued 1 Ordinary B share of £827.22 at par.

On 26 May 2016 the shareholders of Joules Investments Holdings Limited transferred their shares to Joules Group plc in exchange for new shares issued by Joules Group plc, the new shares issued by Joules Group plc mirrored the shares transferred by the previous shareholders of Joules Investments Holdings Limited.

The share capital issued as part of this share for share exchange consisted of 138,188 shares of varying classes with a nominal value of £91,508,871. The varying classes were then converted to a single class of ordinary share in Joules Group plc. The company then had a share capital of 57,193,545 ordinary £1.60 shares, with a nominal value £91,509,672.

The movements in the 52 week period to 29 May 2016, which are not accounted for using the reverse acquisition accounting principles, are as follows:

As part of this share for share exchange certain shareholders of Joules Investments Holdings Limited ultimately received cash for their shareholding in Joules Investments Holdings Limited, rather than receiving shares in Joules Group plc, these shares equated to 90,980 ordinary £1.60 shares with a par value, and settlement value of £145,568. This is adjusted through the merger reserve as it is considered part of the consideration paid by Joules Group plc to acquire Joules Investments Holdings Limited.

On 26 May 2016 Joules Group plc issued 23,130,400 ordinary £1.60 shares, with a total nominal value of £37,008,644. The shares were issued in order to settle the existing loan notes which had a book and fair value of £37,008,644, excluding accrued interest.

On 26 May 2016 Joules Group plc (when legally still 'Joules Group Limited') entered into a capital reduction, converting the 80,323,945 ordinary £1.60 shares into 80,323,945 ordinary £0.01 shares. The reduction in share capital of £127,715,102 was transferred to retained earnings.

On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in an increase in share capital of £71,758 and share premium of £11,409,603.

All ordinary shares carry equal rights.

21. OTHER RESERVES

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the company. On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in share premium of £11,409,603.

	£'000
Balance at 29 May 2016.	11,410

Retained earnings

The movement on retained earnings is as set out in the consolidated statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

Merger reserve

The movement on the merger reserve is as set out in the consolidated statement of changes in equity.

The effect of reverse acquisition accounting on the merger reserve is that the share capital, share premium and other distributable reserves that existed in Joules Group plc (the company) as at the point Joules Group plc legally acquired Joules Investments Holdings Limited is accounted for as if it had been in existence as at the comparative period end (31 May 2015) and as at the opening balance sheet date (25 May 2014). The corresponding entry being the merger reserve so the overall net assets as at the comparative dates are not affected.

The movement on the merger reserve during the period arose due to certain shareholders of Joules Investments Holdings Limited transferring their shares to Joules Group plc in exchange for cash, with a settlement value, of £145,568. This is adjusted through the merger reserve as it is considered part of the consideration paid by Joules Group plc to acquire Joules Investments Holdings Limited.

22. HEDGING AND TRANSLATION RESERVE

	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000
Balance as at 31 May 2015	400	(24)
Gains/(losses) recognised in other comprehensive income	(26)	(48)
Income tax relating to gains/(losses) recognised in other comprehensive income	15	-
Balance as at 29 May 2016	389	(72)

Hedging reserve

The reserve represents the cumulative gains and losses on hedging instruments in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedge transaction impacts the profit or loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net asset of the Group's foreign operations which relate to subsidiaries only, from their functional currency into the Group's presentational currency being Sterling, are recognised directly to the translation reserve.

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	29 MAY 2016 £'000	31 MAY 2015 £'000
Increase/(decrease) in cash in the period	7,157	(2,126)
Cash flow from movement in debt	13,913	(656)
Change in net debt resulting from cash flows	21,070	(2,782)
Non cash interest on loan notes	(4,676)	(4,399)
Non cash movement on amortised deal fees of loan notes	(878)	(363)
Non cash settlement on loan notes	37,009	-
Net debt at start of the year	(49,335)	(41,791)
Net debt at end of year	3,190	(49,335)

24. CASH AND CASH EQUIVALENTS

	29 MAY 2016 £'000	31 MAY 2015 £'000
Cash and cash at bank	9,278	2,121

25. ANALYSIS OF NET DEBT

	AT 31 MAY 2015 £'000	NON-CASH CHANGES £000	CASH FLOW £'000	AT 29 MAY 2016 £'000
Cash at bank and in hand	2,121	-	7,157	9,278
Bank loans	(7,068)	-	2,059	(5,009)
Asset loan	(1,566)	-	487	(1,079)
Loan notes	(42,822)	31,455	11,367	-
Total	(49,335)	31,455	21,070	3,190

26. FINANCIAL INSTRUMENTS

	29 MAY 2016 £'000	31 MAY 2015 £'000
Categories of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	9,278	2,121
Trade and other receivables	10,856	10,156
	20,134	12,277
Loans and receivables at amortised cost	-	-
Derivative financial instruments	474	500
	20,608	12,777
Financial assets at fair value through profit and loss	-	-
Total financial assets	20,608	12,777
Carrying value of financial liabilities:		
Trade creditors	(15,353)	(9,337)
Other payables	(12,566)	(9,379)
Borrowings	(6,088)	(51,456)
	(34,007)	(70,172)
Financial liabilities at fair value through profit and loss	-	-
	(34,007)	(70,172)
Derivative instruments in designated hedge accounting relationships	-	-
Total financial liabilities	(34,007)	(70,172)

Interest rate sensitivity analysis
If interest rates on all borrowings had been 1% higher/lower and all other variables were held constant, the Group's profit for the period ended 52 weeks to 29 May 2016 would decrease/increase by £57,000 (May 2015: £82,000).

This has been calculated by applying the amended interest rate to the weighted average rate of borrowings for the period to 29 May 2016, other than borrowings which are held at a fixed interest rate as those borrowings are not sensitive to external variables, such as movement in interest rates.

Foreign currency sensitivity analysis
The Group is mainly exposed to fluctuations in the US $, which is used for stock purchases. If the US $ exchange rate, on average through the period, weakened/strengthened by 10 percent and all other variables were held constant, the Group's profit for the period ended 52 weeks to 29 May 2016 would increase/decrease by £369,000 and £451,000 respectively (2015: £244,000 and £200,000). This has been calculated by applying the amended currency rate to the US $ value of financial assets and financial liabilities held at the period end, an amended rate has not been applied to US $ purchases in the period as they have been effectively hedged against currency fluctuations via forward contracts.

Maturity of financial liabilities
The maturity of borrowings is included in note 17. All other financial liabilities are expected to mature within six months of the year-end.

Carrying value of financial assets
The Directors have assessed that, on the basis of the net assets of the owing companies, the intercompany receivables are fully recoverable. As noted in note 14 the Directors do not believe any of the trade receivables to be impaired. A significant decrease in the net assets and trade of the owing company or a decline in the financial position of customers would trigger an impairment review.

Credit risk
In the opinion of the Directors, the only financial instrument that is subject to credit risk is the trade receivables. The Directors believe that the bad debt provision as disclosed in note 14 represents the Directors' best estimate of the maximum exposure to credit risk at period-end.

26. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments
Financial Instruments are measured in accordance with the accounting policy set out in note 1. All Financial Instruments are considered to be Level 3 with the exception of foreign currency forward contracts and options which are considered Level 2. In the opinion of the Directors, the fair value of the financial assets and liabilities are equal to their book values.

Liquidity risk management
The Directors believe that the receivables are not impaired and that the owing companies have sufficient net assets to repay the balances. Therefore the Directors believe that liquidity risk is minimal.

Capital risk management
The Directors maintain detailed cash forecasts which are frequently revised to actuals to ensure that the Group has sufficient liquid resources to meet its requirements.

Foreign currency financial assets and liabilities
Included within the above table are £4,116,000 (2015: £1,507,000) of assets and £1,903,458 (2015: £588,000) of liabilities relating to the overseas subsidiaries which have been translated in the consolidation at the period-end rate. These balances are subject to movements in exchange rates, as shown in the statement of changes in equity. The Directors do not believe the risk is significant enough to warrant hedging against the investments in overseas companies.

Also included within the above table are foreign currency denominated external trade payables and receivables of £1,300,565 (2015: £3,339,000) and £903,916 (2015: £496,000) respectively. The Group mitigates a significant amount of the exchange rate risk via purchases of forward foreign currency contracts.

27. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The Directors and key management control 31,011,102 shares in Joules Group plc, which represents 35.44% of the issued share capital. Key management and directors remuneration is disclosed in note 4. In addition directors and key management participate in a share scheme, further details of which can be found in note 30.

28. CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party.

29. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

The acquisition of Joules Investments Holdings Limited by Joules Group plc on 26 May 2016 has been accounted for using reverse acquisition accounting principles. The effect of using reverse acquisition accounting principles on share capital is that the capital that existed as at the point Joules Group plc legally acquired Joules Investments Holdings Limited is accounted for as if it had been in existence as at the comparative period end (31 May 2015) and as at the opening balance sheet date (25 May 2014).

The weighted average number of shares in issue for the current and prior year has therefore been stated to reflect the post IPO share capital structure, this adjustment assumes the total shares issued during the IPO were in issue throughout the whole of the current and previous period presented.

For the calculation of diluted earnings per share, the weighted average number of shares in issue is further adjusted to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares, being management shares not yet vested.

29. EARNINGS PER SHARE (continued)

	52 WEEKS ENDED 29 MAY 2016	53 WEEKS ENDED 31 MAY 2015
Basic earnings/(loss) per share (pence)	(2.04)	(0.50)
Diluted earnings/(loss) per share (pence)	(2.04)	(0.50)

The calculation of basic and diluted earnings per share is based on the following data:

Earnings	52 WEEKS ENDED 29 MAY 2016 £'000	53 WEEKS ENDED 31 MAY 2015 £'000
Earnings for the purpose of basic and diluted earnings per share, being the net loss	(1,793)	(440)
Earnings for the purpose of basic earnings per share	(1,793)	(440)

Number of shares	52 WEEKS ENDED 29 MAY 2016	53 WEEKS ENDED 31 MAY 2015
Weighted number of ordinary shares for the purpose of basic earnings per share	87,499,796	87,499,796
Potentially dilutive share awards	446,875	446,875
Weighted number of ordinary shares for the purpose of diluted earnings per share	87,946,671	87,946,671

30. SHARE BASED PAYMENTS

Equity-settled share option scheme

The Group operated a share option scheme during the period for certain employees under the Executive Share Option Plan. All the options vest after 2 years and have a maximum exercise life of 10 years from grant date. All option schemes are subject to continued employment over the vesting period.

The fair value of the shares were determined by using the Black Scholes Model. The options were granted at the time of the IPO admission and inputs into the option pricing model, including share price on the date of grant, expected volatility and expected dividends were determined post listing therefore taking into account the AIM listed status of the Company. Expected volatility was determined by management, using comparator volatility as a basis. The expected life of the options was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the options. The risk free rate of return input into the model was a zero coupon government bonds with a life in line with the expected life of the options.

The fair value of the total shares issued during the period, and measured as at issue date is £203,486.

No charge has been recognised in the income statement and no liability recognised in the statement of financial position in respect of these options for the 3 days they were in existence during the period.

Details of the share options outstanding as at the balance sheet dates as are follows:

	52 WEEKS ENDED 29 MAY 2016		53 WEEKS ENDED 31 MAY 2015	
	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (£)	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (£)
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	446,875	1.60	-	-
Lapsed during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	446,875	1.60	-	-
Exercisable at the end of the period	-	-	-	-

COMPANY BALANCE SHEET

JOULES GROUP PLC

	NOTE	29 MAY 2016 £'000
FIXED ASSETS		
Investments	2	139,980
CURRENT ASSETS		
Debtors	3	1
NET CURRENT ASSETS AND NET ASSETS		139,981
CAPITAL AND RESERVES		
Called up share capital	4	875
Share premium	5	11,410
Profit and loss account		127,696
SHAREHOLDERS' FUNDS		139,981

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 5 September 2016 and were signed on behalf of the Board of Directors by -

MARC DENCH
Chief Financial Officer

5 September 2016

COMPANY STATEMENT OF CHANGES IN EQUITY

JOULES GROUP PLC

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
Upon incorporation	-	-	-	-
Share issue (note 4)	1	-	-	1
Share issue (note 4)	91,509	-	-	91,509
Share issue (note 4)	37,009			37,009
Capital reduction (note 4)	(127,715)	-	127,715	-
Share issue (note 4)	71	11,410	-	11,481
Loss for the period	-	-	(19)	(19)
Balance at 29 May 2016	**875**	**11,410**	**127,696**	**139,981**


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NOTES TO THE COMPANY FINANCIAL STATEMENTS

JOULES GROUP PLC

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Company was incorporated on 1 May 2016, the first period of account is therefore the 29 days ending 29 May 2016. These separate financial statements of Joules Group plc have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101).

The Company's financial statements are presented in GBP.

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow group companies

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Joules Group plc. These financial statements do not include certain disclosures in respect of:

- share based payments;
- business combinations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

As permitted by section 408 of the Companies Act 2006, the profit and loss account is not presented. The loss for the year amounted to £19,400.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as set out below.

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Going Concern

Going concern for the company has been considered along with the group by the directors. The consideration is set out in note 1 of the consolidated financial statements.

2. INVESTMENTS

	£'000
Cost and Net Book Value	
At 29 May 2016	139,980

On 26 May 2016 Joules Group plc acquired the entire share capital in Joules Investments Holdings Limited.

Joules Group plc acquired Joules Investments Holdings Limited as set out below:

- On 26 May 2016 certain shareholders of Joules Investments Holdings Limited transferred their shares to Joules Group plc in exchange for 57,193,545 ordinary £1.60 shares, with a nominal value £91,509,672.
- On 26 May 2016 certain shareholders of Joules Investments Holdings Limited transferred their shares to Joules Group plc in exchange for cash, with a settlement value, of £145,568.
- On 26 May 2016 Joules Group plc issued 23,130,400 ordinary £1.60 shares, with a total nominal value of £37,008,644. The shares were issued in order to settle the existing loan notes which had a book and fair value of £37,008,644. In substance this forms part of the cost of the investment in Joules Investments Holdings Limited, free of shareholder loan note debt.
- On 26 May 2016 Joules Group plc used the funds generated from the initial public offering to settle the shareholder loan note debt in Joules Group plc of £11,316,364. In substance this is part of the cost of the investment in Joules Investments Holdings Limited, free of shareholder loan note debt.

The company subsidiaries, as at the period end are shown in note 9 of the consolidated financial statements. All subsidiaries have been in existence for the whole of the reporting period.

3. DEBTORS

	29 MAY 2016 £'000
Other debtors	1

4. CALLED UP SHARE CAPITAL

	29 MAY 2016 £'000
Allotted and issued	
87,499,796 Ordinary shares of £0.01 each	875

The company was incorporated on 1 May 2016, upon incorporation the company issued 1 Ordinary B share of £827.22 at par.

On 26 May 2016 the shareholders of Joules Investments Holdings Limited transferred their shares to Joules Group plc in exchange for new shares issued by Joules Group plc, the new shares issued by Joules Group plc mirrored the shares transferred by the previous shareholders of Joules Investments Holdings Limited.

The share capital issued as part of this share for share exchange consisted of 138,188 shares of varying classes with a nominal value of £91,508,871. The varying classes were then converted to a single class of ordinary share in Joules Group plc. The Company then had a share capital of 57,193,545 ordinary £1.60 shares, with a nominal value £91,509,672.

4. CALLED UP SHARE CAPITAL (Continued)

On 26 May 2016 Joules Group plc issued 23,130,400 ordinary £1.60 shares, with a total nominal value of £37,008,644. The shares were issued in order to settle the existing loan notes which had a book and fair value of £37,008,644.

On 26 May 2016 Joules Group plc (when legally still Joules Group Limited) entered into a capital reduction, converting the 80,323,945 ordinary £1.60 shares into 80,323,945 ordinary £0.01 shares. The reduction in share capital of £127,715,102 was transferred to retained earnings.

On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in an increase in share capital of £71,758 and share premium of £11,409,603.

All ordinary shares carry equal rights.

5. SHARE PREMIUM

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the company. On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in share premium of £11,409,603.

	£'000
Balance at 29 May 2016	11,410

6. SHARE BASED PAYMENTS

Details of the share options in existence are shown in note 30 of the consolidated financial statements.

7. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow group companies. Related party transactions with key management personnel (including Directors) are shown in note 27 of the Consolidated Financial Statements.

COMPANY INFORMATION

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