21 February 2018

Hotel Chocolat Group plc
(“Hotel Chocolat”, the "Company” or the "Group”)
Interim Results

Hotel Chocolat Group plc, a premium British chocolatier and omni-channel retailer, today announces its interim results for the 26 weeks ended 31 December 2017.

Financial highlights:

- Revenue up 15% to £71.7m (H1 FY17: £62.5m)
- Underlying EBITDA up 15% to £15.8m (H1 FY17: £13.7m)[1]
- Underlying EBITDA margin of 22.0% (H1 FY17: 21.9%)[1]
- Profit before tax up 15% to £12.9m (H1 FY17: £11.2m)
- Profit after tax up 15% to £10.1m (H1 FY17: £8.8m)
- Strong balance sheet with net cash at period end of £18.3m (H1 FY17: £16.2m)
- Earnings per share up 15% to 9.0p (H1 FY17: 7.8p)
- Interim dividend of 0.6 pence

Operational highlights:

- Strong sales growth across retail, digital & corporate channels
- Successful Christmas ranges and availability delivered growth
- 10 new stores opened, contributing 5% to Group sales growth
  New sites featured cafe drinks offer and comprised a wide diversity of locations including city centres, market towns, retail parks, designer outlets; first store opened in the Republic of Ireland
- Digital growth through own website and new 3rd party wholesale to digital retailers including Amazon and Ocado
- Factory capacity increase by 25%
- Underlying EBITDA margin improved +11 basis points, despite foreign exchange headwinds and costs of in-sourcing of distribution totalling -95 basis points

[1] Underlying EBITDA in H1 FY18 excludes £0.4m of share-based charges (H1 FY17: £0.3m).

Angus Thirlwell, Co-founder and Chief Executive Officer of Hotel Chocolat, said:

“This has been another period of strong progress for Hotel Chocolat with growth in both sales and profits. The critical Christmas period was again successful, helped by further improvements in availability, our best ever seasonal range and the extension of our one-stop gift solutions range. We have exciting plans in place for the key spring seasons of Mother’s Day and Easter, and have recently launched a new cacao beauty range and a weekly subscription called Mbox. We are confident of further progress during the year.

“I would like to thank everyone in the Hotel Chocolat team for their dedication in delivering another successful Christmas.

“Recent trading, including the Valentine’s period is in line with the Board’s expectations and we continue to make good progress against our three key strategic objectives of opening more stores, improving our digital capability and increasing our production capacity.”

This announcement contains inside information for the purposes of the Market Abuse Regulation.

For further information:

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Notes to Editors:
Hotel Chocolat is a premium British chocolatier with a strong and distinctive brand. The business was founded in 1993 by Angus Thirlwell and Peter Harris and has traded under the Hotel Chocolat brand since 2003. The Group sells its products online and through a network of stores in the UK and abroad. The Group has a cocoa plantation and eco-hotel in Saint Lucia, offering complete cocoa immersion thorough tree-to-bar experiences and wellness treatments. The Group also has a flagship restaurant and cocoa roastery in London's Borough Market: Rabot 1745. The Group was admitted to trading on AIM in 2016.

Chief Executive's statement (inclusive of financial review)

RESULTS

	Period ended 31 December 2017 £000	**Period ended 25 December 2016 £000**
Revenue	**71,709**	**62,528**
Gross profit	49,107	42,544
Operating expenses	(33,316)	(28,846)
Underlying EBITDA	**15,791**	**13,698**
Share-based payments	(367)	(277)
EBITDA	15,425	13,421
Depreciation & amortisation	(2,207)	(1,743)
Loss on disposal of property, plant & equipment	(9)	(16)
Operating profit	**13,209**	**11,662**
Finance income	16	3
Finance expense	(296)	(446)
Share of joint venture results	7	-
Profit before tax	**12,936**	**11,219**
Tax expense	(2,821)	(2,422)
Profit for the period	**10,115**	**8,797**
Earnings per share – Basic	9.0p	7.8p
Earnings per share – Diluted	8.9p	7.8p
Dividend per share	0.6p	

CHIEF EXECUTIVE'S STATEMENT

I am pleased to report continued progress for the Hotel Chocolat brand during the 26 weeks to 31 December 2017. Both revenue and profit before tax for the period increased by 15%, with efficiencies offsetting known cost headwinds. Hotel Chocolat delivered growth across all its channels, benefitting from improved seasonal ranges and some encouraging early results for our new digital wholesale partners. The business remains focused on the three key pillars of its growth strategy:

1) Open stores

We opened 10 new stores in the period and completed two relocations. Of particular note is the diversity of location types; we opened a new flagship store in Oxford Westgate and tested our first ever retail park location at Teesside. We also opened our second designer outlet at Clarks Village, and a number of smaller sites in market towns including Shrewsbury and Beverley. Our first store in the Republic of Ireland in Dundrum has also performed well. The initial results generated by these new sites give us confidence that the 'pipeline' of potential new sites is greater than previously expected.

2) Increase capacity and capture efficiencies from the vertically integrated supply chain

Underlying EBITDA margins increased by a net +10 basis points. This was achieved by improved efficiencies and the benefits of increasing scale, which were partly offset by two known headwinds impacting costs by 95 basis points:

I. The business hedges its foreign exchange Euro purchases, therefore H1 FY18 was the first period affected by the decline of Sterling in 2016, and this created a -35 basis points cost headwind in the period.
II. In 2016 we made the decision to bring subscription distribution in-house in order to make the service more responsive and to enable us to offer a wider range of subscription types. This change was effective at the start of H1 and negatively impacted EBITDA margin by -60 basis points.

For FY19 and beyond, these two impacts will form part of the 'base' operating model, meaning that any further efficiency gains and economies of scale will more readily convert to an EBITDA margin rate improvement than in FY18.

During the period factory capacity increased by 25% driven by improved asset utilisation and more efficient production scheduling. New capital projects commissioned in January 2018 have increased liquid chocolate capacity by 180%.

3) New digital proposition to grow customer base and improve gifting proposition

Digital revenues, comprising website plus subscription club and new digital wholesale partners, grew 13% overall.

- The website delivered a 16% year-on-year growth driven by an increase in traffic, particularly on mobiles, a benefit of the new website that launched in January 2017. Mobiles and tablets now account for 62% of all web traffic, mobile conversion rose by 19% from 2.6% to 3.1%.
- New wholesale accounts with digital retailers including Amazon and Ocado contributed 6% to digital growth.
- Excluding the costs of in-sourcing distribution, subscription EBITDA increased year-on-year. New customer recruitment activities into the club were scaled back pending the launch of the new weekly Mbox subscription and as a result like-for-like sales volumes declined by 13%.
- Following successful trials in 2017, a new weekly subscription launched in February 2018. The new Mbox format offers a different proposition to the existing monthly Tasting Club, being the most convenient way to regularly receive a personal supply of Hotel Chocolat's most popular recipes each week in individually wrapped portions.

FINANCIAL REVIEW

Revenue

10 new stores opened during the period, contributing 5% to the Group's year-on-year growth in revenue. Retail, digital and corporate wholesale all delivered sales growth.

Gross margin, operating expense and underlying EBITDA

Gross margin increased 44 basis points to 68.48%, supported by the capital investment made in FY17.

Operating expenses as a per cent of sales increased by 33 basis points as a result of 60 basis points of additional costs relating to in-sourcing subscription distribution.

Underlying EBITDA margin increased by 11 basis points, delivering underlying EBITDA growth of 15% to £15.8m (H1 FY17: £13.7m).

Share based payments

Share-based payment expense of £0.4m (H1 FY17: £0.3m) related to the share-based Long-Term Incentive Plan and an all-employee Save As You Earn plan.

Foreign currency

The business manufactures the majority of its products in the UK, however it does purchase some premium ingredients in foreign currencies, predominantly Euros. The Group hedges its forecast Euro purchases up to 18 months ahead. The decline in Sterling in 2016 meant that some purchases in H1 FY18 were at the new lower rate which adversely impacted gross margin and EBITDA by 35 basis points. This impact will continue to be felt in H2 FY18 and in FY19.

Finance income and expense

Finance income of £16k in H1 FY18 represents unrealised interest on foreign exchange. Finance expense of £0.3m reflects interest on chocolate bonds, a working capital overdraft and realised interest on foreign exchange hedges of £83k.

Earnings per share

Earnings per share in the period were 9.0p a 15% increase on H1 FY17: 7.8p.

Dividend

At the time of the IPO the Directors stated an intention to implement a progressive dividend policy to reflect the expectation of future cash flow. The Board proposes an interim dividend of 0.6p which will be paid on 3rd April 2018 to shareholders on the register on 2nd March 2018

Cash flow and closing cash position
Net cash inflow from operating activities was £24.9m (H1 FY17: £22.1m).

Net cash (being cash minus borrowings) at the end of the period was £18.3m (H1 FY17: £16.2m). The Group has access to an overdraft facility with Lloyds Bank plc to fund seasonal working capital requirements.

Major capital projects in the period included 10 new shops, two store relocations and upgrades to the manufacturing facility in Huntingdon.

OUTLOOK
Since the end of the period, trading has continued to be in line with the Board's expectations. The trading performance of the new stores is encouraging and thus the pipeline of similar potential locations is increasing.

We are in the process of finalising our next set of capacity and capability investments for our production facility in order to ensure we can both meet our growth aspirations and improve efficiency in the years ahead.

The business has successfully mitigated the anticipated foreign exchange headwinds. Continued delivery against the 3-point strategy will deliver top-line growth and improving profitability. A strong differentiated brand which offers great products and customer service and that is priced as an affordable luxury, gives the Board confidence in the Group's continued progress.

Angus Thirlwell
Co-founder and Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2017

	Notes	*Unaudited* 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Revenue		71,708,557	62,527,738
Cost of sales		(22,601,129)	(19,983,960)
		49,107,428	42,543,778
Administrative expenses		(35,898,903)	(30,881,742)
	2	13,208,525	11,662,036
Finance income	3	15,919	3,068
Finance expenses	3	(296,028)	(445,871)
Share of joint venture results		7,332	-
Profit before tax		12,935,748	11,219,233
Tax expense		(2,820,791)	(2,421,861)
Profit for the period		10,114,957	8,797,372
Other comprehensive income:			
Derivative financial instruments		(121,114)	(198,302)
Deferred tax charge on derivative financial instruments		11,505	113,975
Currency translation differences arising from consolidation		(361,829)	780,993
Total comprehensive income for the period		9,643,519	9,494,038
Earnings per share – Basic	4	9.0p	7.8p
Earnings per share – Diluted	4	8.9p	7.8p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	*Unaudited* As at 31 December 2017 £	*Unaudited* As at 25 December 2016 £	*Audited* As at 2 July 2017 £
ASSETS				
Non-current assets				
Intangible assets		2,547,958	2,144,098	2,338,041
Property, plant and equipment	5	34,677,619	29,194,640	31,397,582
Investment in joint ventures		7,332	300	-
Derivative financial assets		8,564	9,346	-
Other receivables and prepayments		17,851	5,034	7,250
Deferred tax asset		381,825	-	213,819
		37,641,149	31,353,418	33,956,692
Current assets				
Derivative financial assets		73,724	523,385	306,526
Inventories		9,034,330	7,569,092	9,878,122
Trade and other receivables		6,494,705	6,194,439	6,020,954
Cash and cash equivalents		24,994,989	23,522,550	8,470,178
		40,597,748	37,809,466	24,675,780
Total assets		**78,238,897**	**69,162,884**	**58,632,472**
LIABILITIES				
Current liabilities				
Trade and other payables	6	25,808,949	25,799,854	16,632,717
Corporation tax payable		2,818,241	2,396,211	1,104,746
Derivative financial liabilities		52,491	144,974	137,480
Borrowings	7	3,482,482	3,773,994	3,371,444
		32,162,163	32,115,033	21,246,387
Non-current liabilities				
Other payables and accruals	6	2,546,523	1,850,884	1,934,057
Derivative financial liabilities		-	102,824	33,970
Deferred tax liabilities		-	10,729	-
Borrowings	7	3,191,677	3,542,131	3,504,544
Provisions		825,852	705,513	750,629
		6,564,052	6,212,081	6,223,200
Total liabilities		**38,726,215**	**38,327,114**	**27,469,587**
NET ASSETS		**39,512,682**	**30,835,770**	**31,162,885**
EQUITY				
Share capital		112,838	112,838	112,838
Share premium		11,749,487	11,749,487	11,749,487
Retained earnings		25,160,751	16,884,722	16,851,199
Translation reserve		687,392	1,134,119	1,049,221
Merger reserve		223,251	223,251	223,251
Capital redemption reserve		6,301	6,301	6,301
Other reserves		1,572,662	725,052	1,170,588
Total equity attributable to shareholders		**39,512,682**	**30,835,770**	**31,162,885**

CONSOLIDATED STATEMENT OF CASH FLOW
For the period ended 31 December 2017

	Notes	*Unaudited* 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Profit before tax for the period		12,935,748	11,219,233
Adjusted by:			
Depreciation of property, plant and equipment	5	1,952,705	1,605,009
Amortisation of intangible assets		253,983	137,983
Net interest expense		280,109	442,803
Share-based payments		366,538	277,224
Loss on disposal of property, plant and equipment and intangible assets		9,417	15,852
Operating cash flows before movements in working capital		**15,798,500**	**13,698,104**
Decrease/(increase) in inventories		755,985	(657,176)
Increase in trade and other receivables		(484,352)	(1,036,358)
Increase in trade and other payables and provisions		10,064,095	10,908,324
Cash inflow generated from operations		**26,134,228**	**22,912,894**
Interest received		84	3,068
Income tax paid		(1,116,051)	(590,985)
Interest paid on:			
- finance leases and hire purchase loans		(1,192)	(7,153)
- derivative financial instruments		(82,542)	(65,722)
- bank loans and overdraft		(777)	(113,417)
Cash flows from operating activities		**24,933,750**	**22,138,685**
Purchase of property, plant and equipment		(6,136,967)	(4,435,006)
Proceeds from disposal of property, plant and equipment		-	12,000
Purchase of intangible assets		(257,524)	(414,299)
Cash flows used in investing activities		**(6,394,491)**	**(4,837,305)**
Buy back of Chocolate bonds		(110,500)	(118,000)
Capital element of hire purchase and finance leases repaid		(136,328)	(296,827)
Dividends paid		(1,805,405)	-
Cash flows used in financing activities		**(2,052,233)**	**(414,827)**
Net change in cash and cash equivalents		16,487,026	16,886,553
Cash and cash equivalents at beginning of period		8,470,178	6,475,446
Foreign currency movements		37,785	160,551
Cash and cash equivalents at end of period		**24,994,989**	**23,522,550**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2017

	Share capital £	Share Premium £	Retained earnings £	Translation reserve £	Merger reserve £	Capital redemption reserve £	Other reserves £	**Total £**
As at 26 June 2016	112,838	11,749,487	8,087,350	353,126	223,251	6,301	532,155	21,064,508
Share-based payments	-	-	-	-	-	-	277,224	277,224
Profit for the period	-	-	8,797,372	-	-	-	-	8,797,372
Other comprehensive income:								
Derivative financial instruments	-	-	-	-	-	-	(198,302)	(198,302)
Deferred tax charge on derivative financial instruments	-	-	-	-	-	-	113,975	113,975
Currency translation differences arising from consolidation	-	-	-	780,993	-	-	-	780,993
Equity as at 25 December 2016	**112,838**	**11,749,487**	**16,884,722**	**1,134,119**	**223,251**	**6,301**	**725,052**	**30,835,770**
Share-based payments	-	-	-	-	-	-	285,032	285,032
Deferred tax charge on share-based payments	-	-	-	-	-	-	328,796	328,796
Loss for the period	-	-	(33,523)	-	-	-	-	(33,523)
Other comprehensive income:								
Derivative financial instruments	-	-	-	-	-	-	(118,356)	(118,356)
Deferred tax credit on derivative financial instruments	-	-	-	-	-	-	(49,936)	(49,936)
Currency translation differences arising from consolidation	-	-	-	(84,898)	-	-	-	(84,898)
Equity as at 2 July 2017	**112,838**	**11,749,487**	**16,851,199**	**1,049,221**	**223,251**	**6,301**	**1,170,588**	**31,162,885**
Share-based payments	-	-	-	-	-	-	366,538	366,538
Deferred tax charge on share-based payments	-	-	-	-	-	-	145,145	145,145
Profit for the period	-	-	10,114,957	-	-	-	-	10,114,957
Dividends paid			(1,805,405)					(1,805,405)
Other comprehensive income:								
Derivative financial instruments	-	-	-	-	-	-	(121,114)	(121,114)
Deferred tax charge on derivative financial instruments	-	-	-	-	-	-	11,505	11,505
Currency translation differences arising from consolidation	-	-	-	(361,829)	-	-	-	(361,829)
Equity as at 31 December 2017	**112,838**	**11,749,487**	**25,160,751**	**687,392**	**223,251**	**6,301**	**1,572,662**	**39,512,682**

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union.

The accounts have been prepared in accordance with accounting policies that are consistent with the Group's Annual Report and Accounts for the period ended 2 July 2017 and that are expected to be applied in the Group's Annual Report and Accounts for the period ended 1 July 2018. There are new or revised standards that apply to the period beginning 3 July 2017 but they do not have a material effect on the financial statements for the period ended 31 December 2017.

The comparative financial information for the period ended 2 July 2017 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006.

Statutory accounts for the period ended 2 July 2017 have been delivered to the Registrar of Companies.

The auditors' report on the accounts for 2 July 2017 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Profit from operations

Profit from operations is arrived at after charging:

	Unaudited **26 weeks ended 31 December 2017 £**	***Unaudited*** **26 weeks ended 25 December 2016 £**
Staff cost	15,957,108	14,477,191
Depreciation of property, plant and equipment	1,952,705	1,605,009
Amortisation of intangible assets	253,983	137,983
Loss on disposal of property, plant and equipment and intangible assets	9,417	15,852
Operating leases:		
- Property	5,435,700	4,530,686
- Plant and equipment	94,391	94,548
Exchange differences	85,702	149,253
Bad debt expense	20,037	23,228

3. Finance income and expenses

	Unaudited 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Interest on bank deposits	84	3,068
Unrealised interest on derivative financial instruments	15,835	-
Finance income	**15,919**	**3,068**
Interest on bank borrowings	57,410	157,795
Realised interest on derivative financial liabilities	82,542	65,722
Unrealised interest on derivative financial instruments	-	41,080
Finance leases and hire purchase contracts	1,192	7,153
Finance charges on Chocolate bonds	154,884	174,121
Finance expenses	**296,028**	**445,871**

4. Earnings per share

Profit for the period used in the calculation of the basic and diluted earnings per share:

	Unaudited 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Profit after tax for the period	**10,114,957**	**8,797,372**

The weighted average number of shares for the purposes of diluted earnings per share reconciles to the weighted average number of shares used in the calculation of basic earnings per share as follows:

	Unaudited 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Weighted average number of shares in issue used in the calculation of earnings per share (number) - Basic	112,837,828	112,837,828
Share-based payments – Hotel Chocolat Group plc Save As You Earn Plan	214,728	-
Weighted average number of shares in issue used in the calculation of earnings per share (number) - Diluted	**113,052,556**	**112,837,828**
Earnings per share (pence) – Basic	9.0	7.8
Earnings per share (pence) – Diluted	8.9	7.8

As at 31 December 2017, the total number of potentially dilutive shares issued under the Hotel Chocolat Group plc Long-Term Incentive Plan was 3,667,000 (25 December 2016: 3,692,000). Due to the nature of the options granted under this scheme, they are considered contingently issuable shares and therefore have no dilutive effect.

5. Property, plant and equipment

	Freehold property £	Leasehold property £	Furniture & fittings, Equipment, Computer software & hardware £	Plant & machinery £	Total £
26 weeks ended 25 December 2016					
Cost:					
As at 26 June 2016	**11,469,455**	**734,999**	**22,899,192**	**14,662,588**	**49,766,234**
Additions	132,410	-	3,201,724	639,882	3,974,016
Disposals	-	-	-	(49,900)	(49,900)
Translation differences	675,049	-	113,095	-	788,144
As at 25 December 2016	**12,276,914**	**734,999**	**26,214,011**	**15,252,570**	**54,478,494**
Accumulated depreciation:					
As at 26 June 2016	**408,612**	**732,306**	**14,013,001**	**8,501,204**	**23,655,123**
Depreciation charge	79,564	475	1,035,145	489,825	1,605,009
Disposal	-	-	-	(22,048)	(22,048)
Translation differences	7,168	-	38,602	-	45,770
As at 25 December 2016	**495,344**	**732,781**	**15,086,748**	**8,968,981**	**25,283,854**
Net book value					
As at 25 December 2016	**11,781,570**	**2,218**	**11,127,263**	**6,283,589**	**29,194,640**
26 weeks ended 31 December 2017					
Cost:					
As at 2 July 2017	**12,588,855**	**734,999**	**28,418,804**	**16,319,351**	**58,062,009**
Additions	321,661	-	3,999,331	1,271,020	5,592,012
Disposals	-	-	(9,417)	-	(9,417)
Translation differences	(345,612)	-	(6,002)	-	(351,614)
As at 31 December 2017	**12,564,904**	**734,999**	**32,402,716**	**17,590,371**	**63,292,990**
Accumulated depreciation:					
As at 2 July 2017	**567,231**	**733,256**	**15,796,562**	**9,567,378**	**26,664,427**
Depreciation charge	79,898	475	1,312,304	560,028	1,952,705
Disposal	-	-	-	-	-
Translation differences	(6,710)	-	4,949	-	(1,761)
As at 31 December 2017	**640,419**	**733,731**	**17,113,815**	**10,127,406**	**28,615,371**
Net book value					
As at 31 December 2017	**11,924,485**	**1,268**	**15,288,901**	**7,462,965**	**34,677,619**

As at 31 December 2017, the net book value of freehold property includes land of £2,767,923 (25 December 2016: £3,039,349), which is not depreciated.

Included above are assets held under finance leases and hire purchase agreements. As at 31 December 2017, the net book value of such assets within plant & machinery is £269,690 (25 December 2016: £456,351) and within computer software & hardware is £456,106 (25 December 2016: £577,145).

6. Trade and other payables

	Unaudited 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Current		
Trade payables	4,554,352	5,351,132
Other payables	2,855,517	4,140,000
Other taxes payable	7,625,446	5,985,535
Accruals	10,773,634	10,323,187
	25,808,949	**25,799,854**
Non-current		
Other payables	2,546,523	1,850,884
	2,546,523	**1,850,884**

7. Borrowings

	Unaudited 26 weeks ended 31 December 2017 £	*Unaudited* 26 weeks ended 25 December 2016 £
Current		
Finance and lease hire purchase liabilities	201,732	433,244
Chocolate bonds	3,310,000	3,388,000
	3,511,732	3,821,244
Unamortised costs of issue	(29,250)	(47,250)
Total current borrowings	**3,482,482**	**3,773,994**
Non-current		
Finance and lease hire purchase liabilities	117,677	336,131
Chocolate bonds	3,074,000	3,206,000
Total non-current borrowings	**3,191,677**	**3,542,131**
Total borrowings	**6,674,159**	**7,316,125**

Chocolate bonds pay a return either in boxes of luxury chocolates or by way of a Hotel Chocolat gift card. For those bonds with a return in the form of chocolate, the coupon is fixed by number of boxes. For bonds where there is a return paid by way of a Hotel Chocolat gift card, there is a fixed rate of interest.

Chocolate bonds issued in 2010 are repayable in July 2018 if notice is given by the end of January 2018 and consequently, the full balance has been shown as a current liability. The total value of redemption notices received for this bond is £26,000 (2017: £6,000) which will be paid in July and no other amounts are contractually due before July 2019. The bonds can be repaid at any time by the Group.

In May 2017 the Group converted its bilateral revolving credit facility (RCF) into an overdraft facility. The bank overdraft is secured by a charge over the Groups assets and cross guarantees. The interest rate is charged at 1.25% over base rate.

The existing hire purchase and finance leases are secured by a charge over the related fixed assets and have incurred interest at an effective annual rate of 2.0%.