

TELECOMPLUSPLC

Embargoed until 0700

22 November 2016

Telecom Plus PLC

Half-Year Results for the Six Months ended 30 September 2016

Telecom Plus PLC (trading as the Utility Warehouse), which supplies a wide range of utility services (gas, electricity, fixed line telephony, mobile telephony and broadband) to both residential and business customers, today announces its half-year results for the six months ended 30 September 2016.

Financial highlights:

- Revenue down 0.9% to £291.3m (2015: £294.0m) due to warmer weather and lower gas prices
- Adjusted profit before tax up 11.4% to £25.1m (2015: £22.5m); statutory £18.7m (2015: £15.2m)
- Adjusted earnings per share up 10.3% to 25.6p (2015: 23.2p); statutory 17.8p (2015: 14.3p)
- Interim dividend increased by 4.5% to 23p per share (2015: 22p)
- Adjusted full-year pre-tax profits are expected to be towards the upper-end of our indicated £55m to £59m range

Operating highlights:

- Further organic growth in line with previous guidance
- Total services supplied up by 52,037 for the period to 2,233,741 (2015: 2,146,935)
- Customer ("Member") numbers for the period up by 5,450 to 604,063 (2015: 595,098)
- Gap between introductory fixed term energy deals and standard tariffs starting to narrow
- Over 1 million LED light bulbs installed free of charge under Project Daffodil

Commenting on today's results, Andrew Lindsay, Chief Executive, said:

"The business continues to perform in line with our expectations and I am pleased that the number of members and services we supply both reached record levels during the period.

"We believe our route to market continues to give us a significant long term competitive advantage, enabling us to target high quality customers who would not otherwise be engaged in the market, and to effectively communicate the savings, simplicity and service provided by our unique integrated multi-utility proposition. This is in stark contrast to other independent energy suppliers who face an increasingly challenging environment.

"We welcome the recent significant narrowing of the gap between the introductory energy deals offered to customers on price comparison sites, and the price paid by the vast majority of customers on standard variable tariffs; this will result in a fairer energy market for consumers, and should lead to greater confidence amongst our Partners and, in due course, a return towards the higher levels of organic growth we have previously achieved."

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Notes:

This announcement contains inside information.

Analyst presentation

Telecom Plus will host an analyst presentation at 8.45 for 9.00 a.m. today at Peel Hunt's offices, Moor House, 120 London Wall, London, EC2Y 5ET. Please contact MHP Communications for details at telecomplus@mhpc.com

About Telecom Plus PLC ('Telecom Plus'):

Telecom Plus which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets.

Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional levels of customer service. The Company does not advertise, relying instead on "word of mouth" recommendation by existing satisfied customers ("Members") and a network of over 45,000 part-time authorised distributors ("Partners") in order to grow its market share.

Telecom Plus holds a significant minority stake (20%) in Opus Energy Group Limited, the leading independent energy supplier to the SME and corporate business markets.

Telecom Plus is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit: www.utilitywarehouse.co.uk.

Interim Management Report

Financial and Operating Review

Results

Half year to 30 September	Adjusted			Statutory		
	2016	2015	Change	2016	2015	Change
Revenue	291,312	294,035	(0.9)%	291,312	294,035	(0.9)%
Profit before tax	25,063	22,495	11.4%	18,665	15,240	22.5%
Basic earnings (per share)	25.6p	23.2p	10.3%	17.8p	14.3p	24.5%
Interim dividend (per share)	23.0p	22.0p	4.5%	23.0p	22.0p	4.5%

In order to provide a clearer understanding of the underlying trading performance of the Group, adjusted profit before tax and adjusted basic EPS exclude: (i) share incentive scheme charges; and (ii) the amortisation of intangible assets arising on entering into the new energy supply arrangements with npower in December 2013. The amortisation of intangible assets and share incentive scheme charges have been excluded on the basis that they represent non-cash accounting charges that do not impact the amount of profits available for distribution to shareholders. These balances can be derived directly from amounts shown separately on the face of the condensed consolidated interim statement of comprehensive income.

The performance of the business during the first half of the financial year was pleasing. Adjusted profit before tax increased by 11.4% to £25.1m (2015: £22.5m) on slightly lower revenues of £291.3m (2015: £294.0m), and adjusted earnings per share increased by 10.3% to 25.6p (2015: 23.2p). Statutory profit before tax increased by 22.5% to £18.7m (2015: £15.2m), after intangible amortisation of £5.6m (2015: £5.6m) and share incentive scheme charges of £0.7m (2015: £1.6m).

The small reduction in revenue reflects lower average energy charges due to unusually warm weather during the spring and summer months (compared with seasonally normal weather last year), a continuing improvement in household energy efficiency, and a modest reduction in domestic standard variable gas prices from 1 April 2016, partially offset by continuing steady organic growth in the number of customers and services we supply.

Gross margin for the period increased to 21.1% (2015: 19.5%). This reflects both a changing sales mix, where energy (which has a relatively low gross margin) accounted for a smaller proportion of total revenue due to the factors referred to above, and a £4.2m recovery of previously incurred costs relating to the smart meter rollout programme under our energy supply agreement. We expect to reinvest some of this recovery (of which 70% was credited to cost of sales with the remaining 30% credited to administrative expenses) in growth initiatives over the remainder of the year.

The loss in our Customer Acquisition segment increased by £3.1m, largely reflecting costs associated with Project Daffodil, our innovative free LED light bulb replacement service, which was launched last autumn.

We maintained our track record for organic growth during the half-year, with the number of customers and services increasing by 5,450 (2015: 13,585) and 52,037 (2015: 53,488) respectively, in line with previous guidance. This took our total membership base to 604,063 (31 March 2016: 598,613) and the number of services we are providing to 2,233,741 (31 March 2016: 2,181,704). The relatively strong service growth demonstrates the appeal of Project Daffodil, which is only available to members taking all their utilities from us; as a result of this initiative, the proportion of our membership base who are taking all five core services from us (gas, electricity, home phone, broadband and mobile) has increased from 11.7% to 15.8% over the last 12 months.

The competitive environment remained challenging, with the majority of energy suppliers continuing to offer heavily discounted short-term fixed price tariffs to attract new customers; these discounts reached record levels during the period, which led to a small increase in our energy churn, although they have recently started to narrow. In the broadband market all the major telecoms companies continued to promote aggressive free and discounted services to new customers, and we therefore welcome the recent initiative by the Advertising Standards Authority to make advertising these introductory broadband

deals more transparent (by requiring them to include all unavoidable charges, such as line rental, within the headline price).

We remain committed to the position we adopted in March 2015 of not offering discounts or benefits to new customers which are not also available to existing loyal members. We believe this fairer approach, where both new and existing Members pay exactly the same prices for identical packages, combined with the wider range of benefits and consistently good value we offer, will create significantly greater shareholder value over the medium term through lower churn and longer average customer lifetimes.

Our ongoing focus on the quality of our customer base and investment in providing best-in-class customer service from our UK-based call centre, mean that churn, bad debt and delinquency levels have all remained low.

We continue to receive recognition from both *Which?* and Moneywise for the quality of our customer service and the consistently good value we offer, and we are pleased that our Net Promoter Score remains high. These are valuable endorsements of the commitment and hard work of all our employees and Partners, and demonstrate the progress we continue to make towards our goal of being the Nation's most trusted utility supplier.

Costs

Distribution expenses increased by £0.8m to £10.7m (2015: £9.9m) due mainly to higher Partner incentive costs compared with the same period last year, and an increase in the amount of commission payable on our growing customer base.

Overall administrative expenses before amortisation rose by £0.2m to £26.1m (2015: £25.9m) reflecting continued growth in the number of services we are providing and planned higher IT costs, partially offset by an improvement in our bad debt charge which has fallen to around 1.2% of turnover (2015: 1.5%), and by the recovery of previously incurred smart meter rollout costs mentioned above. We continue to invest in growing head count throughout the Company to ensure we maintain our current high standards of customer service as the business grows, and to further strengthen our senior management team.

Route to market

Interest in the business opportunity we offer remains high, with the total number of Partners remaining broadly stable at around 45,000 during the period. On average, around 600-800 new Partners join us each month, although these tend to be broadly offset by the number of inactive Partners who allow their positions to lapse.

On 10 and 11 September we held motivational sales conferences in Sheffield and Cheltenham respectively; both venues were well-attended, with around 5,000 Partners joining us across the two days. Important announcements included a mechanism to enable new Partners to try our business opportunity on a risk-free basis, a planned Partner trial of our forthcoming new Home Insurance service, and the commercial launch of an upgraded 4G mobile service; these were well received by those present.

We believe our route to market continues to give us a significant competitive advantage, enabling us to target high quality customers who would not otherwise be engaged in the market, and to effectively communicate the savings, simplicity and service provided by our unique integrated multi-utility proposition (together with all the other benefits of being part of our discount club) to prospective new Members.

Our Car Plan remains extremely popular, with approaching 900 of our more dynamic Partners having taken delivery of a Utility Warehouse branded BMW Mini; many of these now display the new simplified branding we launched around 12 months ago.

Opus Energy Group Limited (“Opus”)

Opus, the UK’s leading independent supplier of energy to business users in which we hold a 20% shareholding, continues to make strong progress in building its market share, with the number of electricity and gas sites it supplies rising to 243,072 (2015: 206,679) and 50,651 (2015: 39,372) respectively. This represents a combined increase of 19.4% on the previous year.

Our share of Opus profits for the first half has fallen to £832,000 (2015: £1,754,000) mainly due to the removal in July 2015 of the exemption from Climate Change Levy (‘CCL’) for business customers supplied with European renewable power; underlying margins remained broadly unchanged. Full year profits are expected to be broadly in line with the results for last year, following consistent organic growth in the number of services provided.

In response to press speculation, we issued an announcement on 18 August 2016 which confirmed that the Board of Opus was assessing strategic options for the future of the business (which could include a sale); we understand that this process remains ongoing.

Partner, Customer and Service Numbers

	H1 FY 2017	FY2016	H1 FY 2016
Partners	45,189	45,808	46,542
Customers			
Residential Club	574,780	568,986	565,061
Business Club	29,283	29,627	30,037
Total	604,063	598,613	595,098
Services			
Electricity	546,315	542,430	539,070
Gas	442,572	440,872	440,548
Fixed Telephony (calls)	312,373	306,087	303,832
Fixed Telephony (line rental)	294,497	286,763	282,918
Broadband	265,809	256,777	251,120
Mobile	187,103	169,136	155,375
CashBack card	185,072	179,639	174,072
Total	2,233,741	2,181,704	2,146,935
Residential Club	2,149,374	2,096,730	2,061,369
Business Club	84,367	84,974	85,566
Total	2,233,741	2,181,704	2,146,935

The table above excludes the customer and service numbers of TML.

Cash Flow and Dividend

Our operating cash flow fell to £15.8m (2015: £21.5m), following an expected £10.3m working capital outflow in the period. Capital expenditure of £2.6m (2015: £2.2m) was focused on our continuing IT development plans. Notwithstanding the working capital outflow, continued strong underlying cash generation meant that net debt increased only marginally during the period to £57.7m (31 March 2016: £56.3m); this net debt figure includes the £21.5m of deferred consideration payable to npower next month. At this level, the ratio of net debt to EBITDA (on a 12-month rolling basis) remains low at around 1.0x.

The Board has resolved to increase the interim dividend by 4.5% to 23p per share (2015: 22p). This will be paid on 16 December 2016 to shareholders on the register on 2 December 2016, and the Company's shares will go ex-dividend on Thursday 1 December 2016.

In the absence of unforeseen circumstances, the Board confirms its intention to propose a final dividend of 25p (2016: 24p) making a total of 48p (2016: 46p) for the full year.

Tax

Our effective tax rate for the first half was 23.8% (2015: 25.2%); this remains higher than the underlying rate of corporation tax due to the ongoing amortisation charge on our intangible assets, which is not an allowable deduction for tax purposes. It also reflects the inclusion of our share of the profits of Opus (in which we have a 20% shareholding) which is shown on our Consolidated Statement of Comprehensive Income net of tax.

Appointment of New Director

We are delighted to welcome Andrew Blowers as an independent non-executive director, who is joining the board with immediate effect. He is currently a non-executive Director of AA PLC, the UK's largest breakdown service, and of CETA Insurance Limited a specialist online insurance provider. His career spans over 25 years in the UK financial services industry. He was the founder and CEO of Swiftcover.com and Chairman of IIC NV from 2004 to 2009 and an executive director of Churchill Insurance before this.

Andrew's wealth of experience in the insurance industry will be a major asset to the Telecom Plus board as we progressively introduce a range of insurance services over the coming years, and we look forward to working with him.

As at the date of this announcement, Andrew has no beneficial interest in the ordinary shares of the Company.

There are no other disclosures required under Section 9.6.13 (1) to (6) of the Listing Rules.

Future Opportunities

Our strategy is to build on our unique integrated multi-utility service proposition to increase our penetration in each of the markets in which we operate, and to increase the average number of services we provide to each member. This will entail both increasing the take up of our existing range of services, whilst progressively introducing complementary new services.

Insurance

We will shortly be trialling a home insurance product with our Partners, which will form part of the single monthly bill we already produce for our members. We will be acting as appointed representative rather than as principal in the supply of this new service, which if successful, and subject to regulatory approval, we would intend to roll out to our membership base during the course of calendar year 2017. A successful launch of home insurance is expected to be followed by a range of other insurance services.

Water

The water supply market for business customers is on track to be opened up to greater competition during 2017, and the government has announced its intention to introduce legislation to also open up the water supply market for domestic customers to competition within the lifetime of this parliament. Although margins in this area are expected to be low, we believe our unique integrated approach to providing utilities will enable us to develop a commercially attractive proposition to take advantage of these new opportunities in due course.

Television

Although many other providers of telephony services have chosen to move into the television market, we have no current plans to emulate them, as we have thus far been unable to identify a way of doing so that combines an attractive proposition for our members with a satisfactory commercial return for shareholders.

Outlook

After falling by as much as 50% over the last three years, wholesale energy prices have now started to rise again, with significant double-digit percentage inflation in the cost of both gas and electricity since the early summer. Furthermore, non-commodity costs are also under significant upward pressure, due to the rollout of smart meters, the renewal and extension of distribution networks, capacity market auctions, renewable energy programmes, and the replacement of generating plant that has reached the end of its useful life.

As a result, the price of short-term deals available through price comparison websites and via collective switching initiatives has recently started to rise, reducing the gap between the bottom of the market and the price paid by the vast majority of consumers on standard variable tariffs. We welcome the narrowing of this gap and anticipate that it will lead to a recovery in the confidence that our Partners have in the competitiveness of our multi-utility proposition, and to a return to faster organic growth in due course.

There are widespread concerns that these higher wholesale energy prices, combined with rising industry non-commodity costs, will put significant pressure on the smaller balance sheets of some of the independent energy suppliers who have entered the market over the last few years, notwithstanding that standard variable prices are also expected to start rising soon.

In contrast, our strong balance sheet, unique integrated multi-utility business model, and long term wholesale supply agreement with npower (which protects us from short-term fluctuations in wholesale prices and any consequent higher balancing costs), mean these factors do not present any downside risk to the profit guidance we have given. Nor do we anticipate, as a UK centric business supplying core household services (where any increases in costs tend to be passed through into retail prices), that "Brexit" will have any negative impact on our earnings or growth.

We continue to rollout smart meters into our customers' homes, with around 35,000 (largely dual-fuel) meters now installed. We anticipate that this programme will begin to gather pace during the second half, before accelerating strongly during the course of next year. The financial benefits from this programme (excluding any timing differences which may arise between when costs are incurred and when they are recovered) will depend on the speed and efficiency of our rollout relative to other suppliers.

The CMA enquiry into the energy market published their final report in June 2016. We welcome the relaxation they announced to the previous rules which prohibited any type of discount, and also restricted each supplier to just four tariffs. However, we believe they were wrong not to maintain the requirement that suppliers must offer their cheapest tariffs to both new and existing customers, and we continue to have concerns as to the practical implementation of their proposed marketing database for disengaged households.

The likely outcome of the CMA changes (which is perhaps not their intention) will be a significant reduction in the potential savings available from switching, and thus a reduction in overall switching volumes, particularly between energy-only suppliers who are competing mainly on price. It is our view that trust in the energy industry can only be damaged by allowing price comparison sites, which consumers depend upon for information on the cheapest tariffs available in the market, to be selective on which suppliers and/or deals they include based solely on the amount of commission they receive. In the meantime, we are developing a strategy to leverage our unique route to market and multi-utility business model in order to make the most of the opportunities created by these changes.

We remain encouraged by the long term value that Project Daffodil is delivering in terms of both customer satisfaction and customer quality, albeit that it has not yet delivered the increase in overall volumes that we had expected; we believe this is mainly due to the recent challenging competitive environment. As the number of households who have had their free LED light bulbs installed increases (which should act as a trigger for them to refer us to their friends), and as our Partners become more confident in the overall competitiveness of our proposition, we believe these higher anticipated volumes will start to materialise.

We maintain our full year guidance for adjusted profits before tax at £55m to £59m, although we now anticipate the outcome will be towards the upper-end of this range. Overall we remain well placed to benefit from the opportunities which lie ahead.

Principal Risks and Uncertainties

Background

The Group faces various risk factors, both internal and external, which could have a material impact on long-term performance. However, the Group's underlying business model is considered relatively low-risk, with no need for management to take any disproportionate risks in order to preserve or generate shareholder value.

The Group continues to develop and operate a consistent and systematic risk management process, which involves risk ranking, prioritisation and subsequent evaluation, with a view to ensuring all significant risks have been identified, prioritised and (where possible) eliminated, and that systems of control are in place to manage any remaining risks.

A formal document is prepared by the executive directors and senior management team on a regular basis detailing the key risks faced by the Group and the operational controls in place to mitigate those risks; this document is then reviewed by the Audit Committee. No new principal risks have been identified during the period, and save as set out below, nor has the magnitude of any risks previously identified significantly changed during the period.

Business model

The principal risks outlined below should be viewed in the context of the Group's business model as a reseller of utility services (gas, electricity, fixed line telephony, mobile telephony and broadband) under the Utility Warehouse and TML brands. As a reseller, the Group does not own any of the network infrastructure required to deliver these services to its membership base. This means that while the Group is heavily reliant on third party providers, it is insulated from all the direct risks associated with owning and/or operating such capital intensive infrastructure itself.

The Group's services are promoted using 'word of mouth' by a large network of independent Partners, who are paid solely on a commission basis. This means that the Group has minimal fixed costs associated with acquiring new Members.

The principal specific risks arising from the Group's business model, and the measures taken to mitigate those risks, are set out below.

Reputational risk

The Group's reputation amongst its Members, suppliers and Partners is believed to be fundamental to the future success of the Group. Failure to meet expectations in terms of the services provided by the Group, the way the Group does business or in the Group's financial performance could have a material negative impact on the Group's performance.

In relation to the service provided to its membership base, reputational risk is principally mitigated through the Group's recruitment processes, a focus on closely monitoring staff performance, including the use of direct feedback surveys from Members (Net Promoter Score), and through the provision of rigorous staff training.

Responsibility for maintaining effective relationships with suppliers and Partners rests primarily with the appropriate member of the Group's senior management team with responsibility for the relevant area. Any material changes to supplier agreements and Partner commission arrangements which could impact the Group's relationships are generally negotiated by the executive Directors and ultimately approved by the full Board.

Information technology risk

The Group is dependent on its proprietary billing and membership management software for the successful operation of its business model. This software is developed and maintained in accordance with the changing needs of the business by a team of highly skilled, generally long-standing, motivated and experienced individuals. The Group relies on this software and any failure in its operation could negatively impact service to Members and potentially be damaging to the Group's brand.

All significant changes which are made to the billing and membership management software are tested as extensively as reasonably practicable before launch and are ultimately approved by the Chief Technology Officer and Billing departments in consultation with the Chief Executive as appropriate.

Back-ups of both the software and underlying billing and membership data are made on a regular basis and securely stored off-site. The Group also maintains a disaster recovery facility in a warm standby state in the event of a failure of the main system, designed to ensure that a near-seamless service to Members can be maintained.

The Group has full strategic control over the source code behind its billing and membership management system, thereby removing any risk of future software development not being able to meet the precise requirements of the Group.

Data security risk

The Group processes sensitive personal and commercial data during the course of its business. The Group looks to protect customer and corporate information and data and to keep its infrastructure secure. A significant breach of cyber security could result in the Group facing prosecution and fines, loss of commercially sensitive information, financial losses from fraud and theft, lost productivity from not being able to process orders and invoices, and unplanned costs to restore and improve the Group's security. This could damage the Group's brand which might take an extended period of time to rebuild. Ultimately, individuals' welfare could be put at risk in the event that the Group was not able to provide services or personal data was misappropriated. The Group uses high specification firewalling, network segmentation, and multifaceted network and endpoint anti-viral mitigation systems; external consultants are also used to conduct penetration testing of the Group's internal and external IT infrastructure.

Legislative and regulatory risk

The Group is subject to varying laws and regulations, including possible adverse effects from European regulatory intervention. The energy markets in the UK and Continental Europe are subject to comprehensive operating requirements as defined by the relevant sector regulators and/or government departments. Amendments to the regulatory regime could have an impact on the Group's ability to achieve its financial goals and any failure to comply may result in the Group being fined and lead to reputational damage which could impact the Group's brand. Furthermore, the Group is obliged to comply with retail supply procedures, amendments to which could have an impact on operating costs.

The Group is a licenced gas and electricity supplier, and therefore has a direct regulatory relationship with Ofgem. If the Group fails to comply with its licence obligations, it could be subject to fines or to the removal of its respective licences.

Proposed regulatory changes such as the new requirements in relation to smart energy meters (with the potential for additional costs if existing meters must be replaced prior to the end of their planned lives) and social tariffs, and changes to the current decommissioning regime, could all have a potentially significant impact on the sector, although such additional costs are not expected to affect the net margins earned by energy suppliers in the longer term (as any such extra costs are likely to be reflected in higher retail charges).

In general, the majority of the Group's services are supplied into highly regulated markets, and this could restrict the operational flexibility of the Group's business. In order to mitigate this risk, the Group seeks to maintain appropriate relations with both Ofgem and Ofcom (the UK regulators for the energy and communications markets respectively), the Department for Business, Energy and Industrial Strategy ('BEIS'), and the Financial Conduct Authority ('FCA'). The Group engages with officials from all these organisations on a periodic basis to ensure they are aware of the Group's views when they are consulting on proposed regulatory changes or if there are competition issues the Group needs to raise with them.

It should be noted that the regulatory environment for the various markets in which the Group operates is generally focussed on promoting competition; it therefore seems reasonable to expect that most potential changes will broadly be beneficial to the Group, given the Group's relatively small size compared to the former monopoly incumbents with whom it competes, although these changes, and their actual impact, will always remain uncertain.

Political and consumer concern over energy prices and fuel poverty may lead to further reviews of the energy market which could result in further consumer protection legislation being introduced through energy supply licences. The Government could also choose to introduce adverse measures such as a windfall tax on the Group or price controls for certain customer segments. In addition, political and regulatory developments affecting the energy and telecoms markets within which the Group operates may have a material adverse effect on the Group's business, results of operations and overall financial condition.

Financing risk

The Group has debt service obligations which may place operating and financial restrictions on the Group. This debt could have adverse consequences insofar as it: (a) requires the Group to dedicate a proportion of its cash flows from operations to fund payments in respect of the debt, thereby reducing the flexibility of the Group to utilise its cash to invest in and/or grow the business; (b) increases the Group's vulnerability to adverse general economic and/or industry conditions; (c) may limit the Group's flexibility in planning for, or reacting to, changes in its business or the industry in which it operates; (d) may limit the Group's ability to raise additional debt in the long term; and (e) could restrict the Group from making larger strategic acquisitions or exploiting business opportunities.

Each of these prospective adverse consequences (or a combination of some or all of them) could result in the potential growth of the Group being at a slower rate than may otherwise be achieved.

Fraud and bad debt risk

The Group has a universal supply obligation in relation to the provision of energy to domestic customers. This means that although the Group is entitled to request a reasonable deposit from potential new Members who are not considered creditworthy, the Group is obliged to supply domestic energy to everyone who submits a properly completed application form. Where Members subsequently fail to pay for the energy they have used ('Delinquent Members'), there is likely to be a considerable delay before the Group is able to control its exposure to future bad debt from them by either installing a pre-payment

meter or disconnecting their supply, and the costs associated with preventing such Delinquent Members from increasing their indebtedness are not always fully recovered.

Fraud and bad debt within the telephony industry may arise from Members using the services, or being provided with a mobile handset, without intending to pay their supplier. The amounts involved are generally relatively small as the Group has sophisticated call traffic monitoring systems to identify material occurrences of usage fraud. The Group is able to immediately eliminate any further usage bad debt exposure by disconnecting any telephony service that demonstrates a suspicious usage profile, or falls into arrears on payments.

More generally, the Group is also exposed to payment card fraud, where Members use stolen cards to obtain credit (e.g. on their CashBack card) or goods (e.g. Smartphones and Tablets) from the Group; the Group regularly reviews and refines its fraud protection systems to reduce its potential exposure to such risks.

Wholesale prices risk

The Group does not own or operate any utility network infrastructure itself, choosing instead to purchase the capacity needed from third parties. The advantage of this approach is that the Group is protected from technological risk, capacity risk or the risk of obsolescence, as it can purchase the amount of each service required to meet its Members' needs.

Whilst there is a theoretical risk that in some of the areas in which the Group operates it may be unable to secure access to the necessary infrastructure on commercially attractive terms, in practice the pricing of access to such infrastructure is either regulated (as in the energy market) or subject to significant competitive pressures (as in telephony and broadband). The profile of the Group's Members, the significant quantities of each service they consume in aggregate, and our clearly differentiated route to market has historically proven attractive to infrastructure owners, who compete aggressively to secure a share of the Group's growing business.

The supply of energy has different risks associated with it. The wholesale price can be extremely volatile, and Member demand can be subject to considerable short term fluctuations depending on the weather. The Group has a long-standing supply relationship with npower under which the latter assumes the substantive risks and rewards of hedging and buying energy for the Group's Members, and where the price paid by the Group is set by reference to the average of the standard variable tariffs charged by the 'Big 6' to their domestic customers less an agreed discount; this may not be competitive against the wholesale prices paid by new and/or other independent suppliers. However, if the Group did not have the benefit of this long term supply agreement it would be exposed to the pricing risk of securing access to the necessary energy on the open market and the costs of balancing.

Competitive risk

The Group operates in highly competitive markets and significant service innovations or increased price competition could impact future profit margins. In order to maintain its competitive position, there is a consistent focus on ways of improving operational efficiency. New service innovations are monitored closely by senior management and the Group is generally able to respond within an acceptable timeframe by offering any new services using the infrastructure of its existing suppliers. The Group offers a unique multi-utility proposition. The increasing proportion of Members who are benefiting from a genuine multi-utility solution, that is unavailable from any other known supplier, materially reduces any competitive threat.

The Directors anticipate that the Group will face continued competition in the future as new companies enter the market and alternative technologies and services become available. The Group's services and expertise may be rendered obsolete or uneconomic by technological advances or novel approaches developed by one or more of the Group's competitors. In the event that smaller independent energy suppliers were to experience financial difficulties as a result of increasing wholesale prices for instance, it

is possible that customers could also have a loss of confidence in the Group, given that it is also an independent energy supplier. The existing approaches of the Group's competitors or new approaches or technologies developed by such competitors may be more effective or affordable than those available to the Group. There can be no assurance that the Group will be able to compete successfully with existing or potential competitors or that competitive factors will not have a material adverse effect on the Group's business, financial condition or results of operations. However, as the Group's membership base continues to rise, competition amongst suppliers of services to the Group is expected to increase. This has already been evidenced by various volume-related growth incentives which have been agreed with the Group's three largest wholesale suppliers. This should also ensure that the Group has direct access to new technologies and services available to the market.

Infrastructure risk

The provision of services to the Group's Members is reliant on the efficient operation of third party physical infrastructure. There is a risk of disruption to the supply of services to Members through any failure in the infrastructure e.g. gas shortages, power cuts or damage to communications networks. However, as the infrastructure is generally shared with other suppliers, any material disruption to the supply of services is likely to impact a large part of the market as a whole and it is unlikely that the Group would be disproportionately affected. In the event of any prolonged disruption isolated to the Group's principal supplier within a particular market, services required by Members could in due course be sourced from another provider.

Energy industry estimation risk

A significant degree of judgement and estimation is required in order to determine the actual level of energy used by Members and hence that should be recognised by the Group as sales. There is an inherent risk that the estimation routines used by the Group do not in all instances fully reflect the actual usage of Members. However, this risk is mitigated by the relatively high proportion of Members who provide meter readings on a periodic basis, and the rapid anticipated growth in the installed base of smart meters over the next four years.

Gas Leakage within the national gas distribution network

The operational management of the national gas distribution network is outside the control of the Group. There is a risk that the level of leakage in future could be higher than those historically experienced, and above the level currently expected.

Key man risk

The Group is dependent on its key management for the successful development and operation of its business. In the event that any or all of the members of the key management team were to leave the business, it could have a material adverse effect on the Group's operations.

Single site risk

The Group operates from one principal site and, in the event of significant damage to that site through fire or other issues, the operations of the Group could be adversely affected.

Acquisition Risk

The Group may invest in other businesses, taking a minority, majority or 100% equity shareholding, or through a joint venture partnership. Such investments may not deliver the anticipated returns, and may require additional funding in future.

Going concern

Recent developments in the Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out above.

Under the Group's energy supply arrangements, npower continues to be responsible for funding the principal working capital requirements relating to the supply of energy to the Group's Members. This includes funding the Budget Plans of Members who pay for their energy in equal monthly installments and pre-funding the payment of certain energy network charges.

The Group has from Barclays Bank PLC and Lloyds Bank PLC total revolving credit facilities of £150m for the period to 14 December 2020, of which only £51.5m was drawn down at the period end.

The Group has considerable financial resources together with a large and diverse retail and small business membership base and long term contracts with a number of key suppliers. As a consequence, the directors believe that the Group is well placed to manage its business risks.

On this basis the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The interim financial statements have therefore been prepared on a going concern basis in accordance with the FRC's Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009 issued in October 2009.

Directors' responsibilities

The Directors are responsible for the preparation of the condensed set of financial statements and interim management report comprising this set of Half-Yearly Results for the six months ended 30 September 2016, each of whom accordingly confirms that to the best of his knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and provides a true and fair view of the assets, liabilities, financial position and profit of the Group as a whole;
- the interim management report includes a fair review of the information required by the Financial Statements Disclosure Guidance and Transparency Rules (DTR) 4.2.7R (indication of important events during the first six months and their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosures of related party transactions and changes therein).

The Directors of Telecom Plus PLC are:

Charles Wigoder	Executive Chairman
Julian Schild	Non-Executive Deputy Chairman
Andrew Lindsay	Chief Executive
Nick Schoenfeld	Chief Financial Officer
Melvin Lawson	Non-Executive Director
Beatrice Hollond	Non-Executive Director

Given on behalf of the Board

ANDREW LINDSAY

Chief Executive

NICK SCHOENFELD

Chief Financial Officer

21 November 2016

Independent Review Report to Telecom Plus PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in shareholders' equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

David Neale

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

Canary Wharf

London EC14 5GL

United Kingdom

21 November 2016

Condensed Consolidated Interim Statement of Comprehensive Income

	Note	6 months ended 30 September 2016 (unaudited) £'000	6 months ended 30 September 2015 (unaudited) £'000	Year ended 31 March 2016 (audited) £'000
Revenue		291,312	294,035	744,732
Cost of sales		(229,782)	(236,813)	(620,858)
Gross profit		<u>61,530</u>	<u>57,222</u>	<u>123,874</u>
Distribution expenses		(10,702)	(9,923)	(21,424)
Share incentive scheme (charges) / credits		(48)	20	(36)
Total distribution expenses		(10,750)	(9,903)	(21,460)
Administrative expenses		(26,126)	(25,882)	(52,355)
Share incentive scheme charges		(736)	(1,661)	(2,479)
Amortisation of intangible assets	5	(5,614)	(5,614)	(11,228)
Total administrative expenses		(32,476)	(33,157)	(66,062)
Other income		214	201	397
Operating profit		<u>18,518</u>	<u>14,363</u>	<u>36,749</u>
Financial income		60	54	126
Financial expense		(745)	(931)	(1,801)
Net financial expense		<u>(685)</u>	<u>(877)</u>	<u>(1,675)</u>
Share of profit of associate		832	1,754	5,609
Profit before taxation		<u>18,665</u>	<u>15,240</u>	<u>40,683</u>
Taxation		(4,445)	(3,838)	(8,909)
Profit and total comprehensive income for the period attributable to owners of the parent		<u>14,220</u>	<u>11,402</u>	<u>31,774</u>
Basic earnings per share	9	17.8p	14.3p	39.8p
Diluted earnings per share	9	17.7p	14.2p	39.6p
Interim dividend per share		23.0p	22.0p	

Condensed Consolidated Interim Balance Sheet

	Note	As at 30 September 2016 (unaudited) £'000	As at 30 September 2015 (unaudited) £'000	As at 31 March 2016 (audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		33,115	32,870	33,063
Investment property	4	9,268	9,401	9,211
Intangible assets	5	193,319	203,978	198,364
Goodwill		3,742	3,742	3,742
Investment in associate		7,417	7,160	11,604
Other non-current receivables		14,131	14,027	13,800
Total non-current assets		<u>260,992</u>	<u>271,178</u>	<u>269,784</u>
Current assets				
Inventories		2,921	1,266	2,762
Trade and other receivables		26,156	24,240	27,749
Prepayments and accrued income		61,513	64,811	97,233
Cash		15,326	23,520	35,343
Total current assets		<u>105,916</u>	<u>113,837</u>	<u>163,087</u>
Total assets		<u>366,908</u>	<u>385,015</u>	<u>432,871</u>
Current liabilities				
Short term borrowings	6	-	(9,895)	-
Deferred consideration		(21,500)	-	(21,500)
Trade and other payables		(25,405)	(22,028)	(26,580)
Current tax payable		(4,737)	(1,456)	(936)
Deferred tax		(586)	(289)	(839)
Accrued expenses and deferred income		(68,641)	(76,028)	(114,583)
Total current liabilities		<u>(120,869)</u>	<u>(109,696)</u>	<u>(164,438)</u>
Non-current liabilities				
Long term borrowings	6	(51,525)	(59,369)	(70,152)
Deferred consideration		-	(21,500)	-
JSOP creditor		-	(2,476)	-
Total non-current liabilities		<u>(51,525)</u>	<u>(83,345)</u>	<u>(70,152)</u>
Total assets less total liabilities		<u>194,514</u>	<u>191,974</u>	<u>198,281</u>
Equity				
Share capital		4,019	4,014	4,016
Share premium		138,160	137,550	137,729
Treasury shares		(760)	(760)	(760)
JSOP reserve		(1,150)	(2,275)	(1,150)
Retained earnings		54,245	53,445	58,446
Total equity		<u>194,514</u>	<u>191,974</u>	<u>198,281</u>

Condensed Consolidated Interim Cash Flow Statement

	Note	6 months ended 30 September 2016 (unaudited) £'000	6 months ended 30 September 2015 (unaudited) £'000	Year ended 31 March 2016 (audited) £'000
Operating activities				
Profit before taxation		18,665	15,240	40,683
Adjustments for:				
Share of profit of associate		(832)	(1,754)	(5,609)
Net financial expense		685	877	1,675
Depreciation of property, plant and equipment		1,936	1,712	3,596
Profit on disposal of fixed assets		(8)	-	(12)
Amortisation of intangible assets		5,614	5,614	11,228
Amortisation of debt arrangement fees		114	191	985
Increase in inventories		(159)	(373)	(1,869)
Decrease in trade and other receivables		36,980	43,907	8,202
Increase / (decrease) in trade and other payables		(47,116)	(41,810)	1,206
Share incentive scheme charges		784	1,641	2,515
Corporation tax paid		(900)	(3,732)	(8,755)
Net cash flow from operating activities		<u>15,763</u>	<u>21,513</u>	<u>53,845</u>
Investing activities				
Purchase of property, plant and equipment		(2,052)	(2,183)	(4,080)
Purchase of intangible assets		(569)	-	-
Disposal of property, plant and equipment		14	-	22
Distribution from associated company		5,074	5,474	5,474
Purchase of shares in associated company		(55)	(36)	(626)
Interest received		62	57	115
Cash flow from investing activities		<u>2,474</u>	<u>3,312</u>	<u>905</u>
Financing activities				
Dividends paid	7	(19,205)	(16,734)	(34,331)
Interest paid		(742)	(1,422)	(2,202)
Drawdown of long term borrowing facilities		-	-	71,241
Repayment of borrowing facilities		(18,741)	-	(70,000)
Fees associated with borrowing facilities		-	-	(1,147)
Issue of new ordinary shares	8	434	315	496
Cash flow from financing activities		<u>(38,254)</u>	<u>(17,841)</u>	<u>(35,943)</u>
Increase/(decrease) in cash and cash equivalents		(20,017)	6,984	18,807
Net cash and cash equivalents at the beginning of the period		<u>35,343</u>	<u>16,536</u>	<u>16,536</u>
Net cash and cash equivalents at the end of the period		<u>15,326</u>	<u>23,520</u>	<u>35,343</u>

Condensed Consolidated Interim Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Treasury Shares £'000	JSOP Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 April 2015	4,011	137,238	(760)	(2,275)	58,106	196,320
Profit and total comprehensive income for the period	-	-	-	-	11,402	11,402
Dividends	-	-	-	-	(16,734)	(16,734)
Credit arising on share options	-	-	-	-	671	671
Issue of new ordinary shares	3	312	-	-	-	315
Balance at 30 September 2015	4,014	137,550	(760)	(2,275)	53,445	191,974
Balance at 1 October 2015	4,014	137,550	(760)	(2,275)	53,445	191,974
Profit and total comprehensive income for the period	-	-	-	-	20,372	20,372
Dividends	-	-	-	-	(17,597)	(17,597)
Credit arising on share options	-	-	-	-	553	553
Credit on exercise of JSOP	-	-	-	1,125	1,673	2,798
Issue of new ordinary shares	2	179	-	-	-	181
Balance at 31 March 2016	4,016	137,729	(760)	(1,150)	58,446	198,281
Balance at 1 April 2016	4,016	137,729	(760)	(1,150)	58,446	198,281
Profit and total comprehensive income for the period	-	-	-	-	14,220	14,220
Dividends	-	-	-	-	(19,205)	(19,205)
Credit arising on share options	-	-	-	-	784	784
Issue of new ordinary shares	3	431	-	-	-	434
Balance at 30 September 2016	4,019	138,160	(760)	(1,150)	54,245	194,514

Notes to the condensed interim financial statements

1. General information

The condensed consolidated interim financial statements presented in this half-year report (“the Half-Year Results”) have been prepared in accordance with IAS 34. The principal accounting policies adopted in the preparation of the condensed consolidated financial statements are unchanged from those used in the annual report for the year ended 31 March 2016 and are consistent with those that the company expects to apply in its financial statements for the year ended 31 March 2017.

There are no new standards or amendments to standards that are mandatory for the first time for the financial year beginning 1 April 2016 that have an impact on the Group financial statements.

The condensed consolidated financial statements for the year ended 31 March 2016 presented in this half-year report do not constitute the company’s statutory accounts for that period. The condensed consolidated financial statements for that period have been derived from the Annual Report and Accounts of Telecom Plus Plc. The Annual Report and Accounts of Telecom Plus Plc for the year ended 31 March 2016 were audited and have been filed with the Registrar of Companies.

The Independent Auditors' Report on the Annual Report and Accounts of Telecom Plus Plc for the year ended 31 March 2016 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 September 2016 and 30 September 2015 is unaudited but has been subject to a review by the company’s auditors.

Seasonality of business: in respect of the energy supplied by the Group, approximately two thirds is consumed by customers in the second half of the financial year.

The Half-Year Results were approved for issue by the Board of Directors on 21 November 2016.

2. Judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if applicable.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2016.

3. Operating segments

For management reporting purposes, the Group is currently organised into two operating divisions: Customer Management and Customer Acquisition. These divisions form the basis on which the Group reports its segment information.

	6 months ended 30 September 2016 (unaudited)		6 months ended 30 September 2015 (unaudited)		Year ended 31 March 2016 (audited)	
	Revenue £'000	Segment Result £'000	Revenue £'000	Segment Result £'000	Revenue £'000	Segment Result £'000
Customer Management	282,673	27,379	286,262	20,080	727,936	51,305
Customer Acquisition	8,639	(8,861)	7,773	(5,717)	16,796	(14,556)
Total	291,312	18,518	294,035	14,363	744,732	36,749

	As at 30 September 2016 (unaudited) £'000	As at 30 September 2015 (unaudited) £'000	As at 31 March 2016 (audited) £'000
Customer Management	359,535	377,310	422,896
Customer Acquisition	7,373	7,705	9,975
Total Assets	366,908	385,015	432,871
Customer Management	(169,457)	(190,551)	(231,553)
Customer Acquisition	(2,937)	(2,490)	(3,037)
Total Liabilities	(172,394)	(193,041)	(234,590)

4. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Rental income from investment properties is accounted for on an accruals basis. The Company vacated its former head office, Southon House, in the prior year and the property is now held as an investment property.

An independent valuation of Southon House was conducted at 30 September 2015 in accordance with RICS Valuation – Professional Standards UK January 2014 (revised April 2015) guidelines. The independent market value of Southon House was determined to be £10.2 million. The directors believe that there have not been any material changes in circumstances that would lead to a significant change in the market valuation of Southon House since 30 September 2015.

5. Intangible assets

	Energy Supply Contract	IT Software Development	Total
	£'000	£'000	£'000
Cost			
At 31 March 2016	224,563	-	224,563
Additions	-	569	569
At 30 September 2016	<u>224,563</u>	<u>569</u>	<u>225,132</u>
Amortisation			
At 31 March 2016	(26,199)	-	(26,199)
Charge for the period	(5,614)	-	(5,614)
At 30 September 2016	<u>(31,813)</u>	<u>-</u>	<u>(31,813)</u>
Net book amount at 30 September 2016 (unaudited)	<u>192,750</u>	<u>569</u>	<u>193,319</u>
Net book amount at 31 March 2016 (audited)	<u>198,364</u>	<u>-</u>	<u>198,364</u>
Net book amount at 30 September 2015 (unaudited)	<u>203,978</u>	<u>-</u>	<u>203,978</u>

The Energy Supply Contract intangible asset relates to the entering into of the energy supply arrangements with npower on improved commercial terms through the acquisition of Electricity Plus Supply Limited and Gas Plus Supply Limited from Npower Limited having effect from 1 December 2013. The intangible asset is being amortised evenly over the 20 year life of the energy supply agreement.

The IT Software Development intangible asset relates to the capitalisation of certain costs associated with the development of new IT systems.

6. Interest bearing loans and borrowings

	6 months ended 30 September 2016 (unaudited)	6 months ended 30 September 2015 (unaudited)	Year ended 31 March 2016 (audited)
	£'000	£'000	£'000
Bank loans	52,500	70,000	71,241
Unamortised loan arrangement fees	(975)	(736)	(1,089)
Working capital facilities	-	-	-
	<u>51,525</u>	<u>69,264</u>	<u>70,152</u>
Due within one year	-	10,000	-
Due after one year	51,525	60,000	71,241
	<u>51,525</u>	<u>70,000</u>	<u>71,241</u>

7. Dividends

	6 months ended 30 September 2016 (unaudited) £'000	6 months ended 30 September 2015 (unaudited) £'000	Year ended 31 March 2016 (audited) £'000
Final dividend for the year ended 31 March 2016 of 24p per share	19,205	-	-
Final dividend for the year ended 31 March 2015 of 21p per share	-	16,734	16,734
Interim dividend for the year ended 31 March 2016 of 22p per share (2015: 19p)	<u>-</u>	<u>-</u>	<u>17,597</u>

An interim dividend of 23.0p per share will be paid on 16 December 2016 to shareholders on the register at close of business on 2 December 2016. The estimated amount of this dividend to be paid is approximately £18.4m and, in accordance with IFRS accounting requirements, has not been recognised in these accounts.

8. Share capital

During the period the Company issued 66,433 new ordinary shares to satisfy the exercise of employee and distributor share options.

9. Earnings per share

	6 months ended 30 September 2016 (unaudited)	6 months ended 30 September 2015 (unaudited)	Year ended 31 March 2016 (audited)
	£'000	£'000	£'000
The calculation of the basic and diluted earnings per share is based on the following data:			
Earnings for the purpose of basic and diluted earnings per share	14,220	11,402	31,774
Share incentive scheme charges / (credits) (net of tax)	637	1,502	2,278
Amortisation of intangible assets	5,614	5,614	11,228
Earnings excluding share incentive scheme charges for the purpose of adjusted basic and diluted earnings per share	20,471	18,518	45,280
	Number (‘000)	Number (‘000)	Number (‘000)
Weighted average number of ordinary shares for the purpose of basic earnings per share	80,024	79,679	79,789
Effect of dilutive potential ordinary shares (share incentive awards)	370	619	363
Weighted average number of ordinary shares for the purpose of diluted earnings per share	80,394	80,298	80,152
Adjusted basic earnings per share ¹	25.6p	23.2p	56.7p
Basic earnings per share	17.8p	14.3p	39.8p
Adjusted diluted earnings per share ¹	25.5p	23.1p	56.5p
Diluted earnings per share	17.7p	14.2p	39.6p

¹ In order to provide a clearer understanding of the underlying trading performance of the Group, adjusted basic EPS excludes: (i) share incentive scheme charges; and (ii) the amortisation of intangible assets arising on entering into the new energy supply arrangements with npower in December 2013. The amortisation of intangible assets and share incentive scheme charges have been excluded on the basis that they represent non-cash accounting charges. These balances can be derived directly from amounts shown separately on the face of the condensed consolidated interim statement of comprehensive income.