10 September 2018

Luceco plc
(“Luceco” or the “Group” or the “Company”)

“RESULTS IN-LINE WITH EXPECTATIONS WITH A FIRMER BASE FROM WHICH TO GROW”

Luceco plc, a manufacturer and distributor of high quality and innovative LED lighting products, wiring accessories and portable power products, today announces its unaudited results for the six months ended 30 June 2018 (“H1 2018” or “the period”).

Reported results (Unaudited)

	Six months to 30 June 2018 £m	Six months to 30 June 2017[1] £m	**Change %**	**Change at constant FX rate[2] %**
Revenue	75.1	75.3	(0.3%)	3.3%
Gross profit margin	26.0%	31.9%	(5.9 ppts)	(5.0 ppts)
Operating (loss)/profit	(3.1)	9.0	(134.4%)	(122.2%)
Operating (loss)/profit margin	(4.1%)	12.0%	(16.1 ppts)	(14.6 ppts)
Adjusted[4] operating profit	-	9.0	-	
(Loss)/profit after taxation	(4.4)	6.5	(167.7%)	
Basic (loss)/earnings per share	(2.7) pence	4.0 pence	(167.5%)	
Net debt	(41.4)	(26.1)	58.6%	

Financial highlights

Reported results

- Revenue was broadly flat at £75.1m (H1 2017: £75.3m), a 3.3% increase on a constant currency[2] basis
- Gross margin reduced to 26.0% (H1 2017[1]: 31.9%)
- Operating loss of £3.1m (H1 2017: operating profit of £9.0m)
- Loss after taxation for the period of £4.4m (H1 2017: profit after taxation £6.5m)
- Cash flow from operations reduced from £10.2m to £1.3m
- Basic and fully diluted loss per share of 2.7 pence (H1 2017: earnings per share 4.0 pence)
- Net debt of £41.4m (H1 2017: £26.1m, FY 2017: £36.7m)

Alternative performance measures[4]

- Adjusted[4] gross margin was 27.3% (H1 2017[1]: 31.9%)
- Adjusted[4] operating profit was £nil (H1 2017: £9.0m)
- Adjusted[4] operating profit from ongoing operations[3] (i.e. excluding pro-forma losses from closed US operations) was £1.0m (2017: £9.8m)
- Adjusted[4] loss after taxation for the period was £1.4m (H1 2017: profit after taxation £6.5m)
- Adjusted[4] basic and fully diluted loss per share of 0.9 pence (H1 2017: earnings per share 4.0 pence)

Notes:
1. Prior year financials have been restated see note 1a in the Notes to the Condensed Consolidated Financial Statements
2. H1 2018 translated at H1 2017 average exchange rates. These were 1.26 for £: US Dollar and 8.70 for £: RMB.
3. Definitions of ongoing and non-ongoing operations can be found in note 1 in the Notes to the Condensed Consolidated Financial Statements
4. The definitions of the adjustments made to the statutory figures can be found in note 1 in the Notes to the Condensed Consolidated Financial Statements

Operational and strategic highlights

- Strong growth in strategically important and margin-enhancing segments such as LED Projects & international markets, supported by investment in sales resource and product range
- Progress in LED Projects accelerated by Kingfisher Lighting, which has traded in-line with management expectations and delivered expected synergies
- Overall progress in H1 limited by the slowdown of UK consumer-facing retail sales due to de-stocking and lacklustre consumer confidence
- Gross margins impacted by cost inflation arising in Q4 2017
- Selling prices successfully updated in response, with full margin benefit expected in H2
- Product development activities continue apace, focused on international wiring accessories, LED and smart devices.
- US operations now ceased, enabling greater focus on more compelling international growth opportunities

Commenting on the results, Chief Executive Officer, John Hornby said:

“Whilst the first six months have been challenging, the Group is entering the second half with an outlook unchanged from the July 2018 Trading Update. The decline in revenue from UK consumer-facing retail and the adverse impact on gross margins of commodity inflation and exchange rates has generated a disappointing financial performance in the first half year. However, we have already put into place a number of actions that will deliver an improvement in the Group’s financial performance in the second half of the year with a return to profitability expected.

"Although UK consumer confidence remains fragile the Group has moved into the third quarter with: a 30% increase in the UK Retail order book, lower commodity prices, better selling prices and a more favourable currency position as a result of the hedging actions taken at the beginning of the year and improving currency markets. Consequently, the Group is well positioned to deliver year-on-year adjusted operating profit growth in the second half of the year.

"The Board and the wider management team are focused and determined to improve the Group's earnings potential and we remain confident about Luceco's long-term growth prospects."

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Business summary

Luceco is a manufacturer and distributor of high quality and innovative LED lighting products, wiring accessories and portable power products for a global customer base.

The Group supplies trade distributors, retailers, wholesalers and project developers with a wide range of products which broadly fall into the following market recognised brands:

- Luceco and Kingfisher Lighting: energy efficient LED lighting products and associated accessories;
- British General ("BG"): wiring accessories (including switches, sockets), circuit protection and cable management products;
- Masterplug: cable reels, extension leads, surge protection, timers and adaptor products; and
- Ross: television wall mounts, audio visual accessories and other items.

The Luceco and Kingfisher LED lighting brands continue to benefit from the disruptive shift away from mature lighting technologies because of the material advancement in LED technology in recent years. The brand has continued to successfully leverage the Group's existing customer base and low-cost Chinese manufacturing facility. Consequently, it remains well positioned to build on its impressive organic growth trajectory to date.

In the electrical wiring accessories market, Luceco's BG and Masterplug brands have continued to reinforce their market leading positions through further new product development initiatives, expanding into new product adjacencies and gaining market share.

Executive Review
Chief Executive Officer's Review

Overview

Revenue for the period was broadly in-line with last year at £75.1m compared to £75.3m in H1 2017. Flat revenue masked good growth in the strategically important areas of LED projects and international sales.

LED sales increased by £6.8m to £24.2m and now represent one third of Group revenue. The Group delivered particularly strong growth in UK project sales (which command a significant margin premium), with this type of business now representing just under half of the Group's total LED revenue. This higher margin growth increased overall LED gross margins substantially and these profits allowed the Group to expand its LED project sales team to 31 (including 9 in the Kingfisher team) at the period end (30 June 2017: 17), to support future growth. Progress in this category includes £6.5m of sales from Kingfisher Lighting, acquired in September 2017 and trading in line with expectations subsequently. The Group continues to expand its LED business overseas, with international LED revenue increasing by 43.0%, most notably in Mexico, the Middle East and Germany. Recent product development now allows the Group to offer a comprehensive product range, particularly to professional customers.

The Group continues to enjoy strong growth internationally, driven in part by the LED sales noted above. This has not only supported overall Group revenue but also reduced the Group's reliance on the UK market – a key aspect of management's strategy. In 2016, overseas revenue represented 14.0% of the Group total. In H1 2018, it represented 21.2% underlining the extent of the market share gains achieved. International revenue in H1 2018 was £15.9m, 33.6% higher than H1 2017. This growth was supported by expansion of the overseas sales team, which at the end of the period had increased by 17 heads, compared to the 2017 half year end, to 93, and product development designed to improve the Group's local offer such as the launch of European-standard wiring accessories.

Despite this good progress, overall revenue was held back by a sharp downturn in orders from UK consumer-facing retail customers and the impact of a weaker dollar on dollar-denominated Freight on Board ('FOB') sales to large retailers.

Consumer-facing retail represents approximately 25% of Group revenue, a significantly lower amount than previous years because of the diversification strategy outlined above. Sales to this segment declined by 20% year-on-year due to a combination of destocking in the supply chain after a poor Christmas and well-publicised lacklustre consumer confidence. The temporary impact of destocking was reducing by the end of the half year, as evidenced by a Q3 retail order book over 30% higher than Q2.

The weaker dollar reduced Group revenue by 3.6% and whilst some of this impact was offset by reduced costs due to weakening of the Chinese Renminbi against sterling, foreign exchange movements still left H1 2018 profits £1.1m lower than last year in aggregate. In light of these events, the Group implemented a revised currency hedging policy and has now hedged approximately 95% of its currency exposure for the remainder of 2018 and almost two-thirds of 2019's exposure, both at more favourable exchange rates than H1 2018.

Adjusted gross profit percentage ("gross margin") decreased by 160 basis points ("bps") compared to the 2017 full year and by 460 bps against the comparable period last year. Gross margins were held back by the currency movements referred to above, increases in commodity prices, most notably copper, and certain one-off adjustments at the half year end to add prudence to the value of the Group's inventory.

A number of changes have been made in the first six months to improve future gross margin. These include the revised currency hedging policy explained above and updated selling prices to better reflect changes to input costs. Copper prices have reduced since the end of the half year, which if maintained should also benefit H2 margins. Increased production volumes in the Group's Chinese factory in the second half of the year, driven by seasonality and the end of destocking described above, should also improve the Group's gross margins as factory fixed costs are more efficiently leveraged.

The Group's adjusted operating profit for the period was £nil compared to £9.0m for the same period in 2017. The £9.0m adverse movement in profit is represented by the £3.5m decrease in gross margin, described above, and a £5.5m increase in overheads, which is detailed in the Financial Review.

The Group's reported operating loss of £3.1m included £3.1m of alternative performance measurement adjustments as detailed in Note 1 to the Condensed Consolidated Financial Statements.

Closure of USA operations

The Group has now closed its loss-making US operations in order to focus its resources on its other more attractive and successful international markets. In the financial year 2017 the business reported revenue of £4.2m and made an operating loss of £1.9m. One-off closure costs have been provided in the interim financial statements at £2.0m in total to cover inventory write down, an onerous lease and employee severance. Luceco Inc. employed approximately nineteen people. The impact of the closure will be broadly cash neutral.

New product development

Innovation is a core strength of our business and in the past two years we have invested approximately £3.2m in new product development to strengthen our innovation base, reduce our time to market and to ensure we are the first to introduce exciting new products and services. During the six months ended 30 June 2018 we introduced to market 50 new wiring accessories and portable power products and 16 LED lighting products.

Outlook

The Group's outlook remains unchanged from the July 2018 Trading Update. The second half of 2018 is anticipated to be a stronger period than the first six months with a return to profitability expected. Although UK consumer confidence remains fragile the Group has moved into the third quarter with: a 30% increase in the UK Retail order book, lower commodity prices, better selling prices and a more favourable currency position as a result of the hedging actions taken at the beginning of the year and improving currency markets. Consequently, the Group is well positioned to deliver year-on-year adjusted operating profit growth in the second half of the year.

Financial review

Overview

Revenue by geographical location of customer

	Unaudited 30 June 2018 £m	**% total revenue**	Unaudited 30 June 2017 £m	% total revenue	Growth %
UK	**59.2**	78.8	63.4	84.2	(6.6%)
Europe	**5.4**	7.2	3.1	4.1	74.2%
Middle East and Africa	**4.4**	5.9	3.4	4.5	29.4%
Asia Pacific	**3.9**	5.2	3.5	4.7	11.4%
Americas	**2.2**	2.9	1.9	2.5	15.8%
Total revenue	**75.1**	100.0	75.3	100.0	(0.3%)

Revenue in sterling was broadly flat year-on-year due to a weaker US Dollar but increased by 3.3% on a constant currency basis. This includes sales generated by Kingfisher Lighting, without which Group revenue at constant currency would have declined by 5.3%.

UK revenues decreased by 6.7% largely as a consequence of the decline in UK consumer facing retail and the impact of the weaker US Dollar on FOB sales. Project sales to professional customers increased substantially. Sales to wholesale distributors were in line with prior year but at improved margins.

International revenues increased by 33.6% from £11.9m to £15.9m and now represent 21.2% of Group revenue. Investment in the Group's overseas operations is gaining traction with strong revenue growth in France, Spain, Mexico and Asia.

Adjusted gross margin reduced by 460 basis points to 27.3% from 31.9%, due largely to higher commodity prices and adverse currency movements. The Group has hedged at more favourable currency rates for the second half year and 2019.

Adjusted operating costs grew year-on-year by £5.5m with the majority of the additions occurring in the second half of 2017. This growth included Kingfisher Lighting overheads of £1.8m, depreciation and amortisation of £0.6m, investment in global sales and marketing resources of £1.1m, investment in product development of £0.6m, and warehousing and distribution of £1.2m. Headcount recruitment was frozen early in 2018 and discretionary expenditure curtailed in response to the Group's performance. Investments in sales and marketing and product development should yield increasing benefit in the second half year. Closure of the Group's US operations and headcount reductions elsewhere in the Group should collectively lower overheads by £0.8m in the rest of the year or £2.0m on an annualised basis, some of which will be reinvested in strengthening the Group's support functions.

Impact of foreign exchange movements

A summary of the Condensed Consolidated Income Statement on a constant currency basis is included in the table below. Current period balances have been translated at the prior year's average exchange rates and demonstrate the impact of the volatility in exchange rates during the period.

Reported results (Unaudited)	Unaudited 30 June 2018[2] £m	Currency impact £m	Currency impact %	Unaudited constant currency[3] £m	Constant currency variance to 30 June 2017 £m	Constant currency variance to 30 June 2017 %	Unaudited 30 June 2017[1] £m
Revenue	75.1	(2.7)	(3.6%)	77.8	2.5	3.3%	75.3
Cost of sales	(55.6)	1.3	(2.3%)	(56.9)	(5.6)	10.9%	(51.3)
Gross profit	**19.5**	**(1.4)**	**(6.7%)**	**20.9**	**(3.1)**	**(12.9%)**	**24.0**
Gross margin %	*26.0%*		*(90bps)*	*26.9%*		*(500bps)*	*31.9%*
Operating costs	(22.6)	0.3	(1.3%)	(22.9)	(7.9)	(52.7%)	(15.0)
Operating (loss)/profit	**(3.1)**	**(1.1)**	**(55.0%)**	**(2.0)**	**(11.0)**	**(122.2%)**	**9.0**
Operating margin %	(4.1%)			(2.6%)			12.0%

1. Prior year financials have been restated see note 1a in the Notes to the Condensed Consolidated Financial Statements
2. Six months ended 30 June 2018 translated at average exchange rates for the period. These were 1.37 for £: US Dollar and 8.74 for £: RMB.
3. Six months ended 30 June 2018 translated at six months ended 30 June 2017 average exchange rates. These were 1.26 for £: US Dollar and 8.70 for £: RMB

Sterling exchange rates were stronger, on average, against both US Dollar and Chinese Renminbi ("RMB") in H1 2018 compared to H1 2017. The average rate for the US Dollar against Sterling increased by 8% from $1.26 in H1 2017 to $1.37 in H1 2018, resulting in a reduction in the Sterling value of the Group's US Dollar-denominated revenue, which accounts for approximately 40% of Group revenue. The RMB appreciated by 0.5% from RMB 8.70 to RMB 8.74. The Group has expanded its currency hedging programme for H2 2018 and 2019 to better manage currency risks in the future.

Prior year restatement

During the production of the 2017 Annual Report and Financial Statements a number of errors were identified that impacted the Group's previously published financial statements. As a result, the comparative financial information was restated in the 2017 Financial Statements. In these interim financial statements the comparative financial information has been restated in accordance with IAS 8 to correct those errors that impacted the first half year.

The only restatement found to be required to the Group's Condensed Consolidated Income Statement was the reclassification of Chinese manufacturing facility costs from Administrative costs to Cost of Sales which amounted to £2.4m. In the Group's Condensed Consolidated Statement of Financial Position, the opening balances were restated for the restatements that were made to 31 December 2016 Financial Position, as reported in the 2017 Annual Report and Financial Statements and detailed in note 1a of the Notes to the Condensed Consolidated Financial Statements. In addition, Trade Receivables, that had previously been reported net of rebates, have been grossed up for the amount of the rebates with a corresponding increase in Trade and Other Payables, in the six-month period to 30 June 2018 this amounted to £7.4m (H1 2017: £6.7m; FY 2017: £8.6m). None of these restatements have an impact on profit or net assets. Further details on the prior year restatements is given in note 1a of the Notes to the Condensed Consolidated Financial Statements.

Operating segment review

The methodology for the segmental review was changed during the period and the comparatives have been restated using the new methodology. The segmental review has been made by reference to Adjusted financial metrics, the definitions of these adjustments to the statutory figures can be found in note 1 in the Notes to the Condensed Consolidated Financial Statements.

LED Lighting (Luceco and Kingfisher Lighting)

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	Growth %
Revenue	**24.2**	17.4	39.1%
Adjusted[1] operating (loss)/profit	**(1.4)**	-	-
Adjusted[1] operating margin %	**(5.8%)**	(0.2%)	(560 bps)

LED Lighting revenue increased by £6.8m, of which £6.5m was contributed by Kingfisher Lighting. Organic growth was therefore £0.3m, or 1.7%, held back by the slowdown in UK retail sales. This masked good progress in the UK LED Project and international sales, accompanied by a significant improvement in gross margin. The business expects to improve upon the £1.4m adjusted operating loss recorded in the first half as it generates a return on recent investments in its sales team and product offering.

Wiring Accessories (British General)

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	Growth %
Revenue	**31.4**	35.1	(10.5%)
Adjusted[1] operating profit	**2.0**	7.1	(71.8%)
Adjusted[1] operating margin %	**6.4%**	20.2%	(1380 bps)

The Group increased its Wiring Accessories sales to international and UK wholesale distribution customers in the period, with the latter allowing the Group to increase its share of the UK market. Despite this good progress, overall segmental revenue declined by 10.5% due to slow UK retail sales and adverse currency movements as previously described, with the latter also pressuring gross margins. The segment remained profitable in the half and results should improve as UK retail demand stabilises and recent selling price updates deliver fully.

Portable Power (Masterplug)

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	Growth %
Revenue	**16.9**	19.8	(14.6%)
Adjusted[1] operating (loss)/profit	**(0.5)**	2.2	(122.7%)
Adjusted[1] operating margin %	**(3.0%)**	11.1%	(1410 bps)

The Portable Power business experienced a challenging first half due to its relatively high exposure to UK high street retail, currency movements and copper prices. Much of the decline in UK consumer-facing retail sales arose from destocking and reduced sales to a small number of challenged retailers. Copper prices and a weaker dollar took their toll on first half gross margins but management have taken the steps necessary to address this, with the potential for outperformance if current copper prices are maintained. The Group continues to enjoy clear UK market leadership. Demand in the UK retail market is likely to remain subdued for the foreseeable future and the Group's retail customers are likely to continue to face fierce competition online (a channel which the Group also serves). Despite these challenges, the Group is confident it can make healthy returns in what is a relatively capital efficient part of the business whilst continuing to exploit attractive growth opportunities overseas.

Ross and other

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	Growth %
Revenue	**2.6**	3.0	(13.3%)
Adjusted[1] operating loss	**(0.1)**	(0.3)	66.7%
Adjusted[1] operating margin %	**(3.8%)**	(10.0%)	620bps

Ross revenues have declined by 13.3% to £2.6m, with an adjusted operating loss of £0.1m, largely due to the slowdown in this sector, increased raw materials costs and limited product offerings through new product innovations.

Interest costs

Net finance expense at £1.0m (H1 2017: £0.9m). Higher finance costs in the period reflected a year-on-year increase in average net debt largely due to the Kingfisher Lighting acquisition in September 2017.

Funding and banking covenants

Net debt increased to £41.4m (H1 2017: £26.1m), a £4.7m increase since the year end due to a combination of normal seasonality and trading underperformance. Indebtedness levels benefited from reduced levels of capital and development expenditure as well as the temporary suspension of the dividend. The Group expects to deliver an improved trading performance in the second half year which will contribute to a reduction in the level of net debt.

During the period the Group successfully negotiated an extension in the maturity of its £20.0m revolving credit facility to 31 March 2020 and the addition of a £3m overdraft facility from its relationship bank, which is currently undrawn. The Group also has a £30m invoice financing facility.

Net debt at £41.4m represented 2.54x adjusted last twelve months Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA"). Refer to note 1 in the Notes to the Condensed Consolidated Financial Statements for an explanation of "adjusted". EBITDA reflects certain adjustments required by the Company's loan agreements, including proforma adjustments for acquisitions and planned closures. The Group was in compliance with its covenant requirements throughout the period.

Income tax expense

A tax charge for the six-month period has been included in the Condensed Consolidated Income Statement at £0.3m (H1 2017: £1.6m) and has been calculated using the anticipated effective tax rate on the taxable profit of the UK business. It is not expected that any relief will be granted on the losses arising in the Group's overseas businesses. The anticipated effective tax rate for the year ended 31 December 2018 was calculated at 33.3% (H1 2017: 19.0%).

Balance sheet

Non-current assets

Non-current assets during the 12-month period increased by £12.8m to £47.6m (H1 2017: £34.8m):

- Intangible assets increased by £10.1m during this period, mainly due to the increase in goodwill arising on the acquisition of Kingfisher Lighting in September 2017 of £9.8m; and
- Property, Plant and Equipment net additions, after disposals and depreciation were £2.8m during the period of which £0.3m (H1 2017: £0.4m) arose in the six months since the year end and includes investments in tooling in the UK and continued investment in testing equipment to support the Group's manufacturing facility in China.

Working capital

Net working capital at £30.4m (H1 2017: £32.9m) has reduced by £1.9m since the year-end position at £32.3m as the Group continues to manage its working capital requirements. Working capital as a percentage of revenue for the six-month period was 41% (H1 2017: 35%).

Cash flow

	Unaudited Reported 30 June 2018 £m	Unaudited Reported 30 June 2017 £m	Audited Reported 31 December 2017 £m
Cash from operations	**1.3**	10.2	20.3
Tax paid	**(1.4)**	(0.4)	(3.1)
Financing inflows (excluding dividends paid)	**1.9**	(2.7)	5.9
Dividends paid	**-**	(0.5)	(1.8)
Capital expenditure net of disposals	**(3.1)**	(3.6)	(10.0)
Acquisition of subsidiary	**-**	-	(9.7)
Net (decrease)/increase in cash and cash equivalents	**(1.3)**	3.0	1.6

Dividend

In consideration of the Group's first half year performance the Board has decided not to propose an interim dividend. The Board retains its confidence in the delivery of the Group's strategy and will revisit the dividend policy in 2019.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such has applied the going concern principle in preparing the Condensed Consolidated Financial Statements.

In early 2018 the Group successfully negotiated an extension in the maturity of its Revolving Credit Facility to March 2020 and the addition of a £3m overdraft from its relationship bank. In addition, the Group successfully extended its invoicing financing facility to Kingfisher Lighting and customers in Hong Kong. The Group remains and expects to remain in full compliance with its banking covenants. It also expects to continue to have adequate funding liquidity to support its growth goals. The Group's Viability Statement can be found on page 27 of the 2017 Annual Report and Financial Statements.

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business and has a well-established set of risk management procedures. The following risks and uncertainties are those that the Directors believe could have the most significant impact on the Group's business:

- disruption to manufacturing operations
- input costs
- loss of market share
- concentration of customers
- financial impact of international operations
- regulatory non-compliance
- pursuit of the acquisition strategy
- inadequate integration or leverage of acquired business

For further detail of these risks and uncertainties, please refer to pages 24 to 27 of the Luceco plc 2017 Annual Report and Financial Statements, which is available on request from the Group's head office or through the Group website **www.luceco.com/investors**

Forward looking statements

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Condensed Consolidated Income Statement
for the period ended 30 June 2018 (Unaudited)

	Note	**Unaudited Adjusted 30 June 2018 £m**	**Unaudited Adjustments[2] £m**	**Unaudited Reported 30 June 2018 £m**	Unaudited Adjusted 30 June 2017[1] £m	Unaudited Adjustments[2] £m	Unaudited Reported 30 June 2017[1] £m	Audited Reported 31 December 2017 £m
Continuing operations								
Revenue	2	**75.1**	**-**	**75.1**	75.3	-	75.3	167.6
Cost of sales		**(54.6)**	**(1.0)**	**(55.6)**	(51.3)	-	(51.3)	(119.2)
Gross profit		**20.5**	**(1.0)**	**19.5**	24.0	-	24.0	48.4
Distribution expenses		**(9.6)**	**-**	**(9.6)**	(7.7)	-	(7.7)	(12.1)
Administrative expenses		**(10.9)**	**(2.1)**	**(13.0)**	(7.3)	-	(7.3)	(22.1)
Operating (loss)/profit	3	**-**	**(3.1)**	**(3.1)**	9.0	-	9.0	14.2
Finance income		**-**	**-**	**-**	-	-	-	0.1
Finance expense		**(1.0)**	**-**	**(1.0)**	(0.9)	-	(0.9)	(2.0)
Net financing expense		**(1.0)**	**-**	**(1.0)**	(0.9)	-	(0.9)	(1.9)
(Loss)/profit before tax		**(1.0)**	**(3.1)**	**(4.1)**	8.1	-	8.1	12.3
Income tax expense	4	**(0.4)**	**0.1**	**(0.3)**	(1.6)	-	(1.6)	(2.3)
(Loss)/profit from continuing operations		**(1.4)**	**(3.0)**	**(4.4)**	6.5	-	6.5	10.0
(Loss)/Earnings per share (pence)								
Continuing operations								
Basic	5	**(0.9)**	**(1.8)**	**(2.7)**	4.0	-	4.0	6.2
Fully Diluted	5	**(0.9)**	**(1.8)**	**(2.7)**	4.0	-	4.0	6.2

Notes:

1. The reported comparatives have been restated to reflect a prior year adjustment, see note 1a in the Notes to the Condensed Consolidated Financial Statements
2. The definitions of the adjustments made to the statutory figures can be found in note 1 in the Notes to the Condensed Consolidated Financial Statements

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Comprehensive Income
for the period ended 30 June 2018 (Unaudited)

	Unaudited Reported 30 June 2018 £m	Unaudited Reported 30 June 2017[1] £m	Audited Reported 31 December 2017 £m
(Loss)/profit for the period	**(4.4)**	6.5	10.0
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:			
Impairment provision on expected credit losses	**(0.5)**	-	-
Foreign exchange translation differences – foreign operations	**0.1**	(1.7)	(0.1)
Total comprehensive (expense)/income for the period	**(4.8)**	4.8	9.9

Note 1: The reported comparatives have been restated to reflect a prior year adjustment, see note 1a in the Notes to the Condensed Consolidated Financial Statements

All results are from continuing operations.

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Financial Position

at 30 June 2018 (Unaudited)

	Note	**Unaudited Reported 30 June 2018 £m**	Unaudited Reported 30 June 2017[1] £m	Audited Reported 31 December 2017[1] £m
Non-current assets				
Property, plant and equipment	7	**23.8**	21.0	23.5
Intangible assets	8	**23.8**	13.7	23.7
Deferred tax asset		**-**	0.1	-
		47.6	34.8	47.2
Current assets				
Inventories		**41.5**	36.9	44.2
Trade and other receivables		**33.8**	35.9	45.3
Cash and cash equivalents		**4.1**	6.4	5.6
		79.4	79.2	95.1
Total assets		**127.0**	114.0	142.3
Current liabilities				
Interest-bearing loans and borrowings	9	**40.8**	20.3	42.3
Trade and other payables		**46.2**	44.2	58.2
Other financial liabilities		**0.1**	0.3	0.1
		87.1	64.8	100.6
Non-current liabilities				
Other interest-bearing loans and borrowings	9	**4.0**	12.0	-
Other financial liabilities		**0.6**	0.1	0.4
Deferred tax liability		**-**	-	1.3
		4.6	12.1	1.7
Total liabilities		**91.7**	76.9	102.3
Net assets		**35.3**	37.1	40.0
Equity attributable to equity holders of the parent				
Share capital		**0.1**	0.1	0.1
Share premium		**24.8**	24.8	24.8
Translation reserve		**1.4**	(0.3)	1.3
Treasury reserve		**(1.2)**	-	(1.2)
Retained earnings		**10.2**	12.5	15.0
Total equity		**35.3**	37.1	40.0

Note 1. The reported comparatives have been restated to reflect a prior year adjustment, see note 1a in the Notes to the Condensed Consolidated Financial Statements

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2018 (Unaudited)

	Share capital £m	Share premium £m	Translation reserve £m	Retained Earnings[1] £m	Treasury reserve £m	Total equity £m
Balance at 1 January 2017	0.1	24.8	1.4	12.0	-	38.3
Prior year restatement (note 1a)	-	-	-	(5.5)	-	(5.5)
Balance at 1 January 2017 as restated	0.1	24.8	1.4	6.5	-	32.8
Total comprehensive income						
Profit for the period	-	-	-	6.5	-	6.5
Currency translation differences	-	-	(1.7)	-	-	(1.7)
Total comprehensive income for the period	-	-	(1.7)	6.5	-	4.8
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	(0.5)	-	(0.5)
Share-based payments charge[1]	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	(0.5)	-	(0.5)
Balance at 30 June 2017	0.1	24.8	(0.3)	12.5	-	37.1
Balance at 1 January 2018	**0.1**	**24.8**	**1.3**	**15.0**	**(1.2)**	**40.0**
Total comprehensive income						
Loss for the period	**-**	**-**	**-**	**(4.4)**	**-**	**(4.4)**
Impairment provision on expected credit losses[2]	**-**	**-**	**-**	**(0.5)**	**-**	**(0.5)**
Currency translation differences	**-**	**-**	**0.1**	**-**	**-**	**0.1**
Total comprehensive income for the period	**-**	**-**	**0.1**	**(4.9)**	**-**	**(4.8)**
Transactions with owners in their capacity as owners:						
Share-based payments charge	-	-	-	0.1	-	0.1
Total transactions with owners in their capacity as owners	-	-	-	0.1	-	0.1
Balance at 30 June 2018	**0.1**	**24.8**	**1.4**	**10.2**	**(1.2)**	**35.3**

Notes:

1. The share-based payment charge in the period ended 30 June 2017 was £28,000.
2. Refer to IFRS 9 in note 1 in the Notes to the Condensed Consolidated Financial Statements.

Condensed Consolidated Cash Flow Statement

for the period ended 30 June 2018 (Unaudited)

	Note	**Unaudited Adjusted 30 June 2018**	**Unaudited Adjustments[1] 30 June 2018**	**Unaudited Reported 30 June 2018**	Unaudited Adjusted 30 June 2017	Unaudited Adjustments[1] 30 June 2017	Unaudited Reported 30 June 2017	Audited Reported 31 December 2017
		£m	**£m**	**£m**	£m	£m	£m	£m
Cash flows from operating activities								
(Loss)/profit for the period		**(1.4)**	**(3.0)**	**(4.4)**	6.5	-	6.5	10.0
Impairment provision for credit losses		**(0.5)**	**-**	**(0.5)**	-	-	-	-
Adjustments for:								
Depreciation and amortisation		**2.4**	**0.3**	**2.7**	1.8	-	1.8	4.4
Financial derivatives		**0.2**	**-**	**0.2**	-	-	-	(0.7)
Net financial expense		**1.0**	**-**	**1.0**	0.8	-	0.8	1.9
Taxation	4	**0.4**	**(0.1)**	**0.3**	1.6	-	1.6	2.3
Share-based payments charge		**0.1**	**-**	**0.1**	-	-	-	0.3
Operating cash flow before movement in working capital		**2.2**	**(2.8)**	**(0.6)**	10.7	-	10.7	18.2
Decrease/(increase) in trade and other receivables		**11.5**	**-**	**11.5**	(6.6)	**-**	(6.6)	(13.0)
Decrease/(increase) in inventories		**1.7**	**1.0**	**2.7**	(1.5)	**-**	(1.5)	(7.8)
(Decrease)/Increase in trade and other payables		**(13.3)**	**1.0**	**(12.3)**	7.6	**-**	7.6	22.9
Cash from operations		**2.1**	**(0.8)**	**1.3**	10.2	-	10.2	20.3
Income taxes paid		**(1.4)**	**-**	**(1.4)**	(0.4)	-	(0.4)	(3.1)
Net cash from operating activities		**0.7**	**(0.8)**	**(0.1)**	9.8	-	9.8	17.2
Cash flows from investing activities								
Acquisition of property, plant and equipment	7	**(1.9)**	**-**	**(1.9)**	(2.4)	-	(2.4)	(7.2)
Acquisition of subsidiary	13	**-**	**-**	**-**	-	-	-	(9.7)
Acquisition of other intangible assets	8	**(1.2)**	**-**	**(1.2)**	(1.2)	-	(1.2)	(3.1)
Disposal of tangible assets		**-**	**-**	**-**	-	-	-	0.3
Net cash used in investing activities		**(3.1)**	**-**	**(3.1)**	(3.6)	-	(3.6)	(19.7)
Cash flows from financing activities								
Proceeds from new loans		**2.5**	**-**	**2.5**	-	-	-	8.7
Interest paid		**(0.8)**	**-**	**(0.8)**	(0.8)	-	(0.8)	(1.9)
Dividends paid		**-**	**-**	**-**	(0.5)	-	(0.5)	(1.8)
Finance lease liabilities		**0.2**	**-**	**0.2**	(0.1)	-	(0.1)	0.3
Purchase of treasury shares		**-**	**-**	**-**	-	-	-	(1.2)
Repayment of borrowings		**-**	**-**	**-**	(1.2)	-	(1.2)	-
Repayment of interest-bearing loans		**-**	**-**	**-**	(0.6)	-	(0.6)	-
Net cash from financing activities		**1.9**	**-**	**1.9**	(3.2)	-	(3.2)	4.1
Net (decrease)/increase in cash and cash equivalents				**(1.3)**			3.0	1.6
Cash and cash equivalents at 1 January				**5.6**			4.1	4.1
Effect of exchange rate fluctuations on cash held				**(0.2)**			(0.7)	(0.1)
Cash and cash equivalents at 30 June/31 December				**4.1**			6.4	5.6

Notes

1: The definitions of the adjustments made to the statutory figures can be found in note 1 in the Notes to the Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements

for the period ended 30 June 2018 (Unaudited)

1, Basis of preparation

Luceco plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. These condensed consolidated interim financial statements ("interim financial statements") for the period ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the manufacturing and distributing of high quality and innovative LED lighting products and wiring accessories to global markets (see note 2).

The annual financial statements of Luceco plc are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The condensed consolidated interim financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2017 other than the impact of the new standards adopted in the period, as described below.

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group is described in the 2017 Annual Report and Financial Statements. Risk is an inherent part of doing business and the Directors believe that the Group is well placed to manage the key risks it faces.

Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis. The Directors of the Company are confident, based on current financial projections and facilities available and after considering sensitivities, that the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least then next 12 months.

Standards and interpretations issued

At the date of the approval of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue, but not yet effective:

- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual improvements to IFRS standards 2015-17 cycle

The Directors are currently analysing the impact that these standards will have on the Group's financial statements.

Impact on the adoption of new standards, interpretations and amendments for 2018

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" were adopted from 1 January 2018.

IFRS 9 "Financial Instruments"

This standard addresses the classification, measurement and de-recognition of financial assets and liabilities through the introduction of an impairment model that requires the recognition of impairment provisions on expected credit losses rather than incurred credit losses. For trade and other receivables, the Group has determined that in the period the expected credit losses requires an impairment which has resulted in an increase in provisions of £0.5m and has been charged to reserves in the period in line with the transitional requirements of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers"

This standard provides the requirements for recognising revenues and costs from contracts with customers. The Group recognises revenue when it transfers control over a product to its customer. Where product sales are Freight on Board ("FOB") title passes when the goods are received by the customer's freight forwarders and with domestic and non-FOB exports title passes upon receipt by the customer. Having reviewed customer contracts the Group has concluded that IFRS 15 does not impact the way it reports revenue and that there is therefore no material effect on these interim financial statements.

Critical accounting judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in preparing these interim financial statements and applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

Statutory and non-statutory measures of performance - adjusted measures

The financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the Group.

The Group's performance is assessed using a number of financial measures which are not defined under IFRS (the financial reporting framework applied by the Group). Management uses the adjusted or alternative performance measures ("APMs") as a part of their internal financial performance monitoring and when assessing the future impact of operating decisions. The APMs disclose the adjusted performance of the Group excluding specific items. The measures allow a more effective year-on-year comparison and identification of core business trends by removing the impact of items occurring either outside the normal course of operations or because of intermittent activities such as a corporate acquisition. The Group separately reports items Condensed consolidated income statement which, in the Director's judgement, need to be disclosed separately by virtue of their nature, size and incidence for users of the financial statements to obtain a balanced view of the financial information and the underlying performance of the business.

In following the guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authorities, the Group has included a Condensed Consolidated Income Statement and Condensed Consolidated Cash Flow Statement that have both Statutory and Adjusted performance measures.

The measures used in these interim financial statements are defined in the table on page 86 of the 2017 Annual Report and Financial Statements and the principles to identify adjusting items have been applied on a consistent basis with the exception of adjusted operating profit. The definition of adjusted operating profit is expanded to include the closure of business operations and the amortisation of acquired assets.

The unaudited measures used in this interim results announcement and adjustments made are summarised in the table below:

	30 June 2018 Adjustments £m	**Closure of US business[2] £m**	**Restructuring costs[3] £m**	**Amortisation of acquired intangibles[4]** £m	30 June 2017 Adjustments £m	31 December 2017 Kingfisher acquisition costs[1] £m
Cost of sales	(1.0)	(1.0)	-	-	-	-
Gross profit	**(1.0)**	**(1.0)**	**-**	**-**	-	-
Administrative expenses	(2.1)	(1.0)	(0.8)	(0.3)	-	(0.5)
Operating profit	**(3.1)**	**(2.0)**	**(0.8)**	**(0.3)**	-	(0.5)
Loss before tax	**(3.1)**	**(2.0)**	**(0.8)**	**(0.3)**	-	(0.5)
Income tax credit	0.1	-	0.1	-	-	-
Loss for the year	**(3.0)**	**(2.0)**	**(0.7)**	**(0.3)**	-	(0.5)

Notes:

1. The September 2017 acquisition costs of Kingfisher lighting included legal and professional fees of £0.2m and redundancy and reorganisation costs of £0.3m.
2. Closure of the US business represent £0.2m onerous lease costs, £1.0m inventory provision, severance costs, write down and disposal of assets £0.8m
3. One-off restructuring and advisory fees arising from restructuring of the Finance function.
4. The amortisation charge of intangible assets acquired with Kingfisher Lighting

The Group reports some financial measures net of "non-ongoing operations". It defines such operations to be those that are either sold or closed, or where their disposal or closure has been announced. Such operations do not meet the criteria to be classified as discontinued operations under IFRS 5 "Non-Current Assets Held for Sales and Discontinued Operations". In June 2018, the Group's business in the US was classified as non-ongoing. Ongoing Operations are therefore defined as continuing operations excluding non-ongoing operations.

A reconciliation between ongoing and continuing operations is shown below:

Unaudited	**Revenue Six months to 30 June 2018 £m**	Revenue Six months to 30 June 2017 £m	**Adjusted operating profit Six months to 30 June 2018 £m**	Adjusted operating profit Six months to 30 June 2017 £m
Ongoing operations	**74.0**	73.7	**1.0**	9.8
Non-ongoing operations	**1.1**	1.6	**(1.0)**	(0.8)
Continuing operations	**75.1**	75.3	**-**	9.0

The Group announced on 4 June that it had decided to close its US business and expects the closure to be completed during Q3 2018 at a cost of £2.0m, this sum has been provided in these interim financial statements.

1a. Prior year restatement

During the production of the 2017 Annual Report and Financial Statements a number of material errors were identified that impacted the Group's previously published financial statements. As a result, the comparative financial information was restated in the 2017 Financial Statements. In these interim financial statements comparative financial information for the six-month period ended 30 June 2017 has been restated in accordance with IAS 8 to correct those errors that impacted the first half year. The only restatement to impact the Condensed Consolidated Income Statement for the six-month period ended 30 June 2017 is the reclassification of Chinese manufacturing facility cost of £2.4m from Administrative costs to be included in Cost of Sales. The restatement to the Condensed Consolidated Income Statement for the six months ended 30 June 2017 is detailed below:

Condensed Consolidated Income Statement

	30 June 2017 restatement		
	As previously reported £m	Restatement impact £m	As restated £m
Revenue	75.3	-	75.3
Cost of sales	(48.9)	(2.4)	(51.3)
Gross profit	26.4	(2.4)	24.0
Gross margin %	*35.1%*	-	*31.9%*
Distribution expenses	(7.7)	-	(7.7)
Administrative expenses	(9.7)	2.4	(7.3)
Operating profit	9.0	-	9.0
Net financing expense	(0.9)	-	(0.9)
Profit before taxation	8.1	-	8.1
Income tax expense	(1.6)	-	(1.6)
Profit for the year	6.5	-	6.5
Earnings per share (pence)			
Basic and fully diluted	4.0p	-	4.0p

As noted in the 2017 Annual Report and Financial Statements the balance sheet as at 31 December 2016 was amended to reflect a prior year restatement. The total net asset and retained earnings restatement as at 1 January 2017 was a reduction of £5.5m and had the effect of reducing inventory by £3.1m and trade payables by £2.4m. The restatements were required to adjust for inter-company balances that were incompletely reconciled and therefore not correctly eliminated and to correct the level of overheads that were included in inventory. In these interim financial statements the comparative financial information at 30 June 2017 has been restated and the impact, which reduced opening retained earnings by £5.5m, is reflected in the table below. It should be noted that as the restatements are the same as those made at 31 December 2016 there is no profit impact in the six-month period ended 30 June 2017.

In addition to the above restatements it has been identified in the current period that it is necessary to gross up Trade Receivables and Trade and Other Payables by £6.7m in the Balance Sheet at 30 June 2017 to change the Group's treatment of the rebate accrual. The Group's policy had been to net the rebate accrual against Trade Receivables as it would often settle rebates by crediting a customer's account rather than by a cash payment. As there is no legal right of set-off then Trade Receivable customer balances should be shown gross, not net, of rebates. Accordingly rebates to the value of £7.4m have been added back to Trade Receivables and Trade Payables at 30 June 2018 (30 June 2017: £6.7m; 31 December 2017: £8.6m). These adjustments are detailed in the tables below.

Condensed Consolidated Statement of Financial Position

	30 June 2017 restatement			
	As previously reported £m	Changes to opening balance sheet £m	Reclassification of rebates £m	**As restated £m**
Non-current assets				
Property, plant and equipment	21.0	-	-	**21.0**
Intangible assets	13.7	-	-	**13.7**
Deferred tax asset	0.1	-	-	**0.1**
	34.8	-	-	**34.8**
Current assets				
Inventories	40.0	(3.1)	-	**36.9**
Trade and other receivables	29.2	-	6.7	**35.9**
Cash and cash equivalents	6.4	-	-	**6.4**
	75.6	(3.1)	6.7	**79.2**
Total assets	110.4	(3.1)	6.7	**114.0**
Current liabilities				
Interest bearing loans and borrowings	(20.3)	-	-	**(20.3)**
Trade and other payables	(35.1)	(2.4)	(6.7)	**(44.2)**
Other financial liabilities	(0.3)	-	-	**(0.3)**
	(55.7)	(2.4)	(6.7)	**(64.8)**
Non-current liabilities	(12.1)	-	-	**(12.1)**
Total liabilities	(67.8)	(2.4)	(6.7)	**(76.9)**
Total net assets	42.6	(5.5)	-	**37.1**

	31 December 2017 restatement		
	As previously reported £m	Reclassification of rebates £m	**As restated £m**
Non-current assets			
Property, plant and equipment	23.5	-	**23.5**
Intangible assets	23.7	-	**23.7**
	47.2	-	**47.2**
Current assets			
Inventories	44.2	-	**44.2**
Trade and other receivables	36.7	8.6	**45.3**
Cash and cash equivalents	5.6	-	**5.6**
	86.5	8.6	**95.1**
Total assets	133.7	8.6	**142.3**
Current liabilities			
Interest bearing loans and borrowings	(42.3)	-	**(42.3)**
Trade and other payables	(49.6)	(8.6)	**(58.2)**
Other financial liabilities	0.1	-	**0.1**
	(92.0)	(8.6)	**(100.6)**
Non-current liabilities	(1.7)	-	**(1.7)**
Total liabilities	(93.7)	(8.6)	**(102.3)**
Total net assets	40.0	-	**40.0**

There is no impact from the restatements on the total operating, investing or financing cash flows for the six months ended 30 June 2017.

2. Operating segments

The Group's principal activities are in the manufacturing and supply of LED lighting, wiring accessories, portable power equipment and Ross (home entertainment products). For the purposes of management reporting to the Chief Operating Decision-Maker (the Board), the Group consists of four operating segments which are the product categories that the Group manufactures and distributes. The Board does not review the Group's assets and liabilities on a segmental basis and, therefore, no segmental disclosure is included. Inter-segment sales are not material. Revenue and Operating profit are reported under IFRS 8 "Operating Segments".

	Unaudited Adjusted[1] 30 June 2018 £m	Unaudited Reported 30 June 2018 £m	Unaudited Reported 30 June 2017[2] £m
Revenue			
Wiring Accessories	**31.4**	**31.4**	35.1
Portable Power	**16.9**	**16.9**	19.8
LED Lighting	**24.2**	**24.2**	17.4
Ross and other	**2.6**	**2.6**	3.0
	75.1	**75.1**	75.3
Operating (loss)/profit			
Wiring Accessories	**2.0**	**1.7**	7.1
Portable Power	**(0.5)**	**(1.7)**	2.2
LED Lighting	**(1.4)**	**(3.0)**	-
Ross and other	**(0.1)**	**(0.1)**	(0.3)
Operating (loss)/profit	**-**	**(3.1)**	9.0

Notes:

1. For details of the 2018 adjustment refer to note 1 in the Notes to the Condensed Consolidated Financial Statements.
2. Reported and Adjusted figures are the same as there were no adjustments made to Revenue and Operating profit in the six months to 30 June 2017.

Revenue by location of customer

	Unaudited Reported 30 June 2018 £m	Unaudited Reported 30 June 2017 £m
UK	**59.2**	63.4
Europe	**5.4**	3.1
Middle East and Africa	**4.4**	3.4
Asia Pacific	**3.9**	3.5
Americas	**2.2**	1.9
Total revenue	**75.1**	75.3

3. Expenses recognised in the Condensed Consolidated Income Statement

Included in the Condensed Consolidated Income Statement are the following:

	Unaudited Reported 30 June 2018 £m	Unaudited Reported 30 June 2017 £m	Audited Reported 31 December 2017 £m
Research and development costs expensed as incurred	**0.4**	0.2	**1.3**
Operating lease charges:			
Plant and machinery	**-**	0.1	**0.1**
Other assets	**-**	0.5	**1.1**
Depreciation of property, plant and equipment	**1.6**	1.4	**3.2**
Amortisation of acquired intangible assets	**0.3**	-	**-**
Amortisation of internally developed intangible assets	**0.8**	0.4	**1.2**

4. Income tax expense

A tax charge for the six-month period has been included in the Condensed Consolidated Income Statement at £0.3m (H1 2017: £1.6m) and has been calculated using the anticipated effective tax rate on the taxable profit of the UK business, it is not expected that any relief will be granted on the losses arising in the Group’s overseas businesses. The anticipated effective tax rate for the year ended 31 December 2018 was calculated at 33.3% (H1 2017: 19.0%).

5. Earnings per share

Earnings per share is calculated based on the profit for the period attributable to the owners of the Group. Adjusted earnings per share is calculated based on the adjusted profit for the period, as detailed below, attributable to the owners of the Group. These measures are divided by the weighted average number of shares outstanding during the period.

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	**Audited 31 December 2017 £m**
Reported (loss)/earnings for calculating basic (loss)/earnings per share	**(4.4)**	6.5	10.0
Adjusted for:			
Restructuring costs	**0.7**	-	0.2
Transaction costs	**-**	-	0.3
Closure of US business	**2.0**	-	-
Amortisation of acquired intangibles	**0.3**	-	-
Adjusted (loss)/earnings for calculating adjusted basic (loss)/earnings per share	**(1.4)**	6.5	10.5

	H1 2018 Number million	H1 2017 Number million	FY 2017 Number million
Weighted average number of ordinary shares – basic and diluted	**160.8**	160.8	160.8

	H1 2018 Pence	H1 2017[1] Pence	FY 2017 Pence
Basic (loss)/earnings per share	(2.7)	4.0	6.2
Diluted (loss)/earnings per share	(2.7)	4.0	6.2
Adjusted basic (loss)/earnings per share	**(0.9)**	**4.0**	**6.5**
Adjusted diluted (loss)/earnings per share	**(0.9)**	**4.0**	**6.5**

There were no dilutive ordinary shares in issue at 30 June 2018.

6. Dividends

Considering the Group's first half year performance the Board has decided not to propose an interim dividend. The Board retains its confidence in the delivery of the Group's strategy and will revisit the dividend policy in 2019.

7. Property, plant and equipment

During the six months ended 30 June 2018, the Group purchased assets at a cost of £1.9m (H1 2017: £2.4m, FY 2017: £7.2m). Expenditure relating to plant and equipment and tooling in the UK amounted to £0.9m while £1.0m related to the manufacturing facility in China. Total depreciation for the period was £1.6m. Net Book Value at 30 June 2018 was £23.8m (H1 2017: £21.0m, FY 2017: £23.5m)

The Group has not included any borrowing costs within additions in H1 2018 (H1 2017: £nil, FY 2017: £nil). There were no funds specifically borrowed for the assets and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material. There were no disposals during the year.

8. Intangible assets and goodwill

The Group has recognised an amortisation charge of £0.3m in the first half year in respect of acquired intangible assets from Kingfisher Lighting, in the Condensed Consolidated Income Statement this amount has been included within "adjustments" in calculating the adjusted operating loss (refer to note 1 in the Notes to the Condensed Consolidated Financial Statements).

Development expenditure is capitalised and included in intangible assets when it meets the criteria laid out in IAS 38, "Intangible Assets". During the six months ended 30 June 2018, the Group incurred internally generated development costs of £1.2m (H1 2017: £1.2m, FY 2017: £3.0m) and externally purchased patents of £0.1m (H1 2017: £0.1m, FY 2017: £0.1m). This amount excludes capitalised borrowing costs. Net Book Value at 30 June 2018 was £23.8m (H1 2017: £13.7m, FY 2017: £23.7m).

There has been no impairment to goodwill following a review since the year ended 31 December 2017. Goodwill has been allocated to cash-generating units and can be referred to in the Group's 2017 Annual Report and Financial Statements.

9. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, please refer to note 19 in the 2017 Annual Report and Financial Statements.

	Unaudited 30 June 2018 £m	Unaudited 30 June 2017 £m	Audited 31 December 2017 £m
Non-current liabilities			
Chinese mortgage loan	**4.0**	-	-
Bank term loan	**-**	12.0	-
	4.0	12.0	-
Current liabilities			
Bank term loan	**-**	-	20.0
Shareholder loan notes	**-**	-	0.3
Secured bank loans	**40.8**	20.3	22.0
	40.8	20.3	42.3

Secured bank loans are secured by a fixed and floating charge over the assets of the Group. They include funds advanced under invoice discounting arrangements from HSBC Finance (UK) Limited of £20.8m (six months ended 30 June 2017: £20.3m, year ended 31 December 2017: £22.0m), a revolving credit facility £20.0m and Industrial and Commercial Bank of China Limited commercial mortgage of £4.0m (six months ended 30 June 2017: £nil, year ended 31 December 2017: £nil).

10. Exchange rates

The following significant Sterling exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
USD	**1.37**	1.26	**1.32**	1.22
EUR	**1.14**	1.15	**1.13**	1.17
RMB	**8.74**	8.70	**8.74**	8.50

11. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

These interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements which should therefore be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2017. There have been no changes to the risk management policies since the year ended 31 December 2017.

12. Related party transactions

At 1 January 2018 £0.3m was owed under shareholder loan notes to John Hornby, CEO, and remained outstanding at 30 June 2018 (30 June 2017: nil). No interest was either accrued or paid to John Hornby during the period.

13. Acquisition of subsidiary

On 18 September 2017, the Group acquired the entire issued share capital of Kingfisher Lighting Limited ("Kingfisher Lighting") from its retiring founder and other minority shareholders for a total cash consideration of £9.7m on a cash free debt free basis. The acquisition was funded through an increase to the Group's existing banking facilities. Kingfisher Lighting is a nationwide UK supplier of exterior lighting products, including road and street LED lighting systems and controls, and high mast LED luminaires, as well as a provider of installation and maintenance services. The Group incurred acquisition-related costs of £0.5m comprising professional fees £0.3m and redundancy and restructuring costs £0.2m.

14. Date of approval of financial information

The interim financial information covers the year 1 January 2018 to 30 June 2018 and were approved by the Board on 7 September 2018. Further copies of the interim financial information can be accessed on the Luceco plc investor relations website, www.luceco.com/investors.

Responsibility Statement

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

At the date of this statement, the Directors are those listed in the Group's 2017 Annual Report and Financial Statements.

Approved by the Board on 7 September 2018 and signed on its behalf.

John Hornby
Chief Executive Officer

Matt Webb
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO LUCECO PLC

- **Conclusion**

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 June 2018 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity, Condensed consolidated statement of total financial position, Condensed consolidated statement of cashflows and the related explanatory notes.

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 June 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

- **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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

- **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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review work and to whom we owe our responsibilities

- 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 DTR of 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.

Michael Froom
Senior Statutory Auditor
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
7 September 2018

Additional information

Financial calendar

2018 Year end	31 December 2018
2018 Full year trading update	January 2019
2018 Full year preliminary results statement	April 2019
AGM	June 2019
2019 Half year end	30 June 2019
2019 Half year trading update	July 2019
2019 Half year interim results statement	September 2019

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