PRESS RELEASE

Maastricht-Airport, the Netherlands, July 29, 2015

HALF-YEAR REPORT 2015

Underlying operating result € 0.4 million better due to second quarter

- **Sales Fashion Benelux down € 5.5 million in H1 2015 due to 57 (- 9%) stores less. Q1 was weak due to the clearance of winter stocks; sales in Q2 were up € 1.0 million.**
- **Operating result € 7.5 million better versus H1 2014.**
- **Underlying EBIT in Q2 up with € 2.0 million as against decrease in Q1 with € 1.6 million.**
- **Net result up € 26.8 million versus H1 2014, partly thanks to transaction gain on sale of Nea International (€ 16 million).**

Key figures

	H1 2015	H1 2014
Sales Fashion Benelux[1]	**203.7**	209.2
Operating result continuing operations[2]	**- 11.9**	- 19.4
Underlying EBIT continuing operations[3]	**- 13.1**	- 13.5
Net result continuing operations	**- 16.7**	- 22.0
Net result discontinued operations[4]	**12.3**	- 9.1
Total net result	**- 4.4**	- 31.2

1. 2015: 557 stores (2014: 614).
2. Fashion NL, Fashion BeLux and holding company.
3. Excluding non-recurring gains/losses.
4. Transaction gain of € 16 million on the divestment of Nea International that was sold on 13 May 2015 (including exploitation result of Nea up to and including 26 April 2015) as well as exploitation results of Kwantum and Fashion UK that are held for disposal.

Kurt Staelens, CEO Macintosh

"The underlying trends up to and including July confirm that our cross-channel customer approach, attractive product ranges and service to consumers pay off. We topped our significant H1 2014 Fashion NL market share growth by both online and like-for-like offline growth in H1 2015. Today, more than 30% of cross-channel shoe buyers shop at Fashion NL's stores. This growing group of consumers represents nearly 30% of shoe purchases and spends more than twice as much as the consumers who purchase shoes exclusively online. In Belgium our cross channel strategy also resulted in above market online growth. In H1 2015 there was pressure on margins due to stock clearance from the poor 2014 winter season and necessary pricing campaigns. This resulted in a negative underlying EBIT in the first half of the year, which is typical for shoe retail given its seasonal patterns. We do not make forward looking statements towards results in H2 2015 but implementation of our transformation programmes is on track."

1. Strategy and division into activities

Macintosh focuses on Fashion in the Benelux. Nea International was sold in May 2015 with a transaction result of € 16 million. Bids for Kwantum and Fashion UK are being negotiated. Nea International, Kwantum and Fashion UK are listed in the figures under "discontinued operations".
In this half-year report no distinction is made anymore between the Fashion Benelux core / non-core stores because of the limited number of non-core stores (59) and their use as outlet channel for the core stores. In accordance with the transformation programmes, closing of these non-cores stores continues and the ("MacFit") onerous lease provision for these stores remains.

2. Fashion Benelux sales

Sales (in € millions)	**Fashion Benelux[1]**	
	2015	2014
Q1	**85.4**	91.9
Q2	**118.3**	117.3
H1	**203.7**	**209.2**

1. 419 stores at Fashion NL (H1 2014: 449) and 138 stores at Fashion BeLux (H1 2014: 165).

- Fashion NL operated with 30 stores less at the end of H1 2015 and Fashion BeLux with 27 stores less, 25 through the Scapino Belgium divestment in the autumn of 2014. This was the major reason for the sales decline in H1 2015.
- Sales in Q1 2015 were both in the Netherlands and Belgium also influenced by the clearance of 2014 winter stocks at low prices. In Q2 2015 Fashion NL sales rose thanks to increased footfall while Fashion BeLux sales grew through increased conversion rates and higher average tickets per sale.
- Fashion NL's strong H1 2014 market outperformance in sales (+ 19.7%-points), was succeeded by further online market share growth in H1 2015 while offline sales were 1.5%-points down versus market due to 30 stores less. Fashion Belux grew in H1 2015 above market, both online and offline.

Shoe sales up to end May versus 2014		**Netherlands[1,2]**		**Belgium[1,2]**	
		Market	Fashion NL	Market	Fashion Belux
Value	**Total**	**- 0.4%**	**- 2.2%**	**- 4.5%**	**+ 0.2%**
Volume	Total	+ 3.2%	- 1.5%	- 4.7%	- 3.2%
Price	Total	- 3.5%	- 0.7%	+ 0.2%	+ 3.5%
Value	**Offline**	**- 3.3%**	**- 4.8%**	**- 6.8%**	**- 0.4%**
Value	**Online**	**+ 14.2%**	**+ 22.3%**	**+ 13.4%**	**+ 19.2%**

1. Relates to shoes (excluding clothing and accessories); the figures do not match sales figures disclosed elsewhere in this press release, which are based on total sales up to the end of June.
2. Macintosh figures at aggregate level are comparable with market sources on a one-on-one basis, but the division between online/offline is not. Market figures for NL and B provided by GfK. Fashion BeLux is exclusive of 25 Scapino Belgium stores that were sold in autumn 2014.

3. Underlying EBIT and operating result

3.1 Continuing operations

EBIT (in € millions)[1]	H1 2015						H1 2014				
	Consoli-dated	Lease trans-actions	Non re-curring	Other	**Under-lying**	Δ	**Under-lying**	Other	Non-recurring	Lease trans-actions	**Consoli-dated**
Fashion Benelux	**- 8.8**	- 0.7	0.0	0.1	**- 9.4**	0.0	**- 9.4**	- 0.3	7.3	- 1.1	**- 15,2**
Other[2]	**- 3.1**	- 0.6	0.0	0.0	**- 3.7**	0.4	**- 4.1**	- 0.4	0.6	0.0	**- 4.2**
Operating result continuing operations	**- 11.9**	- 1.4	0.0	0.2	**- 13.1**	0.4	**- 13.5**	- 0.7	7.8	- 1.1	**- 19.4**

1. In this scheme there are rounding differences.
2. Non-allocated group costs (holding company and consulting fees).

- H1 2015 underlying Fashion Benelux EBIT was equal to H1 2014, on balance as a decrease of € 1.8 million in Q1 (largely related to gross margin pressure due to winter stock clearance) and an increase with € 1.8 million in Q2 2015.
- The EBIT includes the utilisation of € 3.1 million (H1 2014: € 2.5 million) from the provision for non-core "MacFit" stores to offset the negative shop contribution of these stores in H1.
- The underlying operating result of the continuing operations was € 0.4 million better and under IFRS € 7.5 million better than in H1 2014.

3.2 Discontinued operations

EBIT/EBITDA[1] (in € millions)[2]	H1 2015						H1 2014				
	Consoli-dated	Lease trans-actions	Non re-curring	Other	**Under-lying**	Δ	**Under-lying**	Other	Non-recurring	Lease trans-actions	**Consoli-dated**
Nea	**0.5**	0.0	0.0	0.0	**0.5**	0.0	**0.5**	- 0.6	0.0	0.0	**1.1**
Fashion UK	**- 4.2**	- 0.5	0.0	0.8	**- 3.9**	- 2.9	**- 1.1**	2.6	6.5	0.0	**- 10.1**
Living	**3.2**	0.0	0.0	0.4	**3.6**	2.3	**1.3**	0.4	0.0	0.0	**0.9**
Total discontinued operations	**- 0.5**	- 0.5	0.0	1.1	**0.1**	- 0.6	**0.7**	2.3	6.5	0.0	**- 8.1**

1. EBIT is the same as EBITDA as discontinued operations are no longer subject to depreciation and amortisation. Depreciation and amortisation for H1 2014 (which have not been included in the above scheme but are in the profit & loss account 2014) amounted to € 2.8 million at Fashion UK and € 1.4 million at Living. In H1 2015, an amount of € 1.4 million relating to depreciation and amortisation was normalised at Fashion UK.
2. In this scheme there are rounding differences.

- Sales from Fashion UK stood at € 112.9 million (+ € 10.2 million). At constant exchange rates however, sales were down € 2.9 million. Fashion UK was also affected by price promotions resulting in lower gross margins as a percentage of sales. Underlying EBIT(DA) from Fashion UK amounted to € 3.9 million negative (H1 2014: € 1.1 million negative).
- At Living (Kwantum), the growth in sales since H2 2014 continued in H1 2015, with sales rising by € 15.2 million to € 104.8 million (+ 17.0%). Living's underlying EBIT(DA) increased by € 2.3 million versus H1 2014 to € 3.6 million.

Macintosh
Retail Group

4. Net result

Net result *in € millions)*	**H1 2015**	H1 2014
Operating result from continuing operations	**- 11.9**	- 19.4
Finance costs	**- 4.9**	- 1.2
Tax expenses	**0.1**	- 1.4
Net result from continuing operations	**- 16.7**	- 22.0
Net result from discontinued operations[1]	**12.3**	- 9.1
Net result Macintosh Retail Group	**- 4.4**	- 31.2

1. Transaction gain of € 16 million on the divestment of Nea International as well as exploitation results of Kwantum and Fashion UK that are to be sold (see note in appendix on segmentation).

- Finance costs increased by € 3.7 million, mainly due to higher interest rates and increased amortisation of capitalised interest expenses.
- The net result from discontinued operations amounted to € 1.9 million at Living, € 16.4 million (exploitation result and transaction gain) at Nea, and € 6.0 million negative at Fashion UK.

5. Cash flows and ratios

(in € millions)	**June 30, 2015**	**June 30, 2014**
Operating cash flow continuing operations	**- 13.2**	- 15.1
Capital expenditure continuing operations	**- 4.4**	- 3.4
Total net debt	**82.2**	80.1

- At June 30 2015, cash flow from operating activities improved by € 1.9 million compared to June 30, 2014. This lower cash-out was mainly the result on balance of € 2.8 million taxes (H1 2015 return of € 0.8 million; H1 2014 payment of € 2.0 million) and a higher cash-out in working capital (€ 1.2 million).
- Of the net proceeds of the Nea International divestment € 19 million was used to repay debt. Total net debt nonetheless increased by € 2.1 million due to the negative results in Q4 2014 and Q1 2015.
- During H1 2015, Macintosh remained within the financial covenants of its bank debt.

6. Strategy and transformation programmes in H1 2015

The transformation programmes that were announced earlier are in full swing. The emphasis of these programmes is on format development, cross-channel innovation and operational excellence.

- A flatter organisation structure that is more oriented towards execution was introduced at Fashion NL, in line with the situation at Fashion BeLux. In this new organisational structure, format managers (who determine the DNA of a format and who are closest to the customers) are given greater decision-making powers and more responsibility. The format managers now report directly to the CEO of Macintosh, while the four director positions at Fashion NL were eliminated. The flatter structure is expected to be completed in Q3, in consultation with the Works Council. The expected annual saving amounts to € 1.7 million, with one-off restructuring costs of € 0.6 million, which were recognised almost in full in H1 2015.
- 10 further Manfield stores were refitted with the new shop concept. In Q2 2015, sales at the reopened stores increased by 14%-points versus the year-on-year sales development in Q2 2015 at stores that have not been refitted. The 2 pilot stores opened in September 2014 saw their sales increase in H1 2015 by 49%-points versus the year-on-year sales development in that period at stores that were not refitted.
- Highly promising opening of the new Brantano concept in Belgium in April 2015. This concept integrates all cross-channel functionalities. Increases in sales were 14%- points compared with other stores in the same period, while the gross margin was 23%-points higher in that period. A second pilot store will be opened in August 2015.
- The development of the new Dolcis concept is nearing completion, and a pilot store will be launched in The Hague in H2 2015.
- Various initiatives have been taken to increase the level of service in stores by enhancing the competencies of store staff and improving services on the shop floor.
- 3D Perfect Fit for children fully operational at Brantano Belgium. As a result, 210,000 personal foot passports have been issued to customers. Customers with a foot passport show a 25% higher ticket per sale average and a return percentage of only 15% of sales. This is 10%-points lower than the figure for online Brantano customers without a foot passport, and more than 30%-points lower than the figure for retailers that operate exclusively online.
- All inventories in stores and at the distribution centre of Brantano Belgium are now available online to consumers.
- Additional supply chain flexibility was achieved by agreements with suppliers as well as the removal of traders/intermediaries without explicit added value in the procurement process
- More granular management of buying and selling processes. This will start to have a positive impact on gross margin percentages in 2016.
- Negotiations for 38 leases at Fashion NL resulted in further rent savings of some € 0.7 million (- 20%).
- Strategic opportunities for collaboration and consolidation are being actively investigated.

7. Outlook for H2 2015

- Although a number of economic indicators and consumer confidence are currently showing an upward trend, conditions in the shoe retail market remain challenging.
- The most important period for Fashion Benelux is the second half of the year and in particular the last few months, when sales are normally higher and operating EBIT substantially better than in the first six months of the year.

Managing Board Responsibility Statement

The semi-annual figures have not been audited. The Managing Board hereby declares that (a) the half-year financial statements give a true and fair view of the assets, liabilities, financial position and earnings of Macintosh Retail Group NV and those of its consolidated entities, and (b) the half-year report 2015 gives a true and fair view of developments in the first half of 2015. In the Managing Board's opinion, the internal control structure provides reasonable assurance that the financial reports are free of material misstatement.

With the exception of the divestment of Nea International BV, the impact of which is described in this half-year report, no key events occurred or transactions were conducted in the first half of 2015, and no transactions were conducted with related parties. The main sources of uncertainty in the second half of the year are related to the economic climate and its effect on consumer confidence and willingness to buy, and therefore the impact on Macintosh's sales, results and liquidity.

Maastricht-Airport, the Netherlands, July 29, 2015

Managing Board of Macintosh Retail Group NV

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This press release is also available on the website of Macintosh Retail Group NV: www.macintosh.nl

Should different interpretations arise between the Dutch and the English version of this press release, the Dutch language version prevails

Macintosh wants to offer all consumers wishing to buy shoes or home decorations a unique offline and online shopping experience, focusing on convenience, service and emotion combined with familiar brands, excellent collections and customer knowledge, to exceed the expectations of customers, and to ensure customers will return to one of our store formats for their next purchase.

Macintosh has over 1,000 stores in the Benelux and the UK. Fashion comprises around 900 shoe stores operating under the brands Brantano, Dolcis, Invito, Jones Bootmaker, Manfield, PRO 0031, Scapino and Steve Madden in the Benelux and the UK. Living consists of around 110 Kwantum home decorations stores in the Netherlands and Belgium.

Annexe to half-year report 2015
MACINTOSH RETAIL GROUP NV

Remark: - The half-year figures have not been audited.

Condensed consolidated income statement for the first half-year
(in millions of euros)

	Note*	**first half 2015**		first half 2014	
Continuing operations					
Net turnover	3/6a		**203.7**		209.2
Cost of sales			**- 106.8**		- 105.9
Gross margin on turnover			**96.9**		103.3
As a percentage of turnover			***47.6%***		*49.4%*
Selling expenses		**- 85.2**		- 90.9	
General administrative expenses		**- 23.6**		- 24.0	
Total expenses			**- 108.8**		- 114.9
As a percentage of turnover			***- 53.4%***		*- 54.9%*
Other operating expenses	6b		**-**		- 7.8
Operating result	3		**- 11.9**		- 19.4
As a percentage of turnover			***- 5.8%***		*- 9.3%*
Financial income and expense	6c		**- 4.9**		- 1.2
Result before taxation			**- 16.8**		- 20.6
Income tax expenses			**0.1**		- 1.4
Net result on continuing operations			**- 16.7**		- 22.0
Net result on discontinued operations	5		**12.3**		- 9.2
Net result			**- 4.4**		- 31.2
Net result attributable to holders of ordinary shares			**- 4.4**		- 31.2

* The numbers refer to the notes on page 5 and further of this annexe.

	first half 2015	first half 2014
Earnings per share first half-year (€)		
Net result attributable to holders of ordinary shares:		
- Continuing operations	**- 0.65**	- 0.86
- Total	**- 0.17**	- 1.22
Diluted earnings attributable to holders of ordinary shares:		
- Continuing operations	**- 0.65**	- 0.86
- Total	**- 0.17**	- 1.22

Condensed consolidated balance sheet

(in millions of euros)

Assets	**Note***	**30.06.2015**	31.12.2014	30.06.2014
Non-current assets				
Intangible assets		**10.5**	28.4	35.6
Goodwill		**39.3**	55.4	114.6
Property, plant and equipment		**31.2**	59.9	61.5
Loans to associates	7a	**-**	-	6.4
Other financial assets		**3.2**	3.6	4.4
		84.2	147.3	222.5
Current assets				
Inventories	7b	**120.9**	215.6	221.1
Loans to associates	7a	**5.7**	5.5	0.1
Receivables		**7.4**	17.7	17.0
Derivative financial instruments	7c	**1.3**	2.5	0.2
Cash and cash equivalents	8	**29.7**	23.2	10.8
		165.0	264.5	249.2
Assets held for sale	5	**188.7**	-	-
Total		**437.9**	411.8	471.7
Equity and liabilities				
Equity attributable to shareholders of the company		**116.6**	117.4	165.2
As a % of balance sheet total		***26.6%***	*28.5%*	*35.2%*
Non-current liabilities				
Provisions		**12.7**	28.6	30.8
Finance lease obligations		**-**	0.2	0.2
Other non-current liabilities		**18.4**	25.3	26.7
Derivative financial instruments	7c	**-**	-	0.1
		31.1	54.1	57.8
Current liabilities				
Current account overdrafts with credit institutions		**106.7**	70.0	89.8
Structured loan		**19.5**	19.4	-
Other interest-bearing debts		**-**	0.1	0.9
Current portion of provisions		**3.4**	10.1	9.5
Other current liabilities		**73.0**	140.1	147.2
Derivative financial instruments	7c	**0.8**	0.6	1.3
Liabilities held for sale	5	**86.8**	-	-
		290.2	240.3	248.7
Total		**437.9**	411.8	471.7
Interest-bearing debt (at face value)	7d	**128.9**	92.9	90.9
Net debt (at face value)		**82.2**	69.8	80.1

* The numbers refer to the notes on page 5 and further of this annexe.

Consolidated statement of changes in equity for the first half-year

(in millions of euros)

	Total	Issued capital	Share premium	Unrealised exchange differences	Unrealised hedge gains and losses	Retained earnings	Net result
At January 1, 2014	**194.4**	9.7	4.0	- 2.2	- 1.7	196.7	- 12.1
Changes in first half-year 2014:							
Net result	**- 31.2**	-	-	-	-	-	- 31.2
Other comprehensive income	**2.0**	-	-	1.1	0.9	-	-
Income tax effect	**- 0.2**	-	-	-	- 0.2	-	-
Total comprehensive income	**- 29.4**	-	-	1.1	0.7	-	- 31.2
Equity settled share-based payments	**0.2**	-	-	-	-	0.2	-
Appropriation of result	**-**	-	-	-	-	- 12.1	12.1
Total of other changes	**0.2**	-	-	-	-	- 11.9	12.1
At June 30, 2014	**165.2**	**9.7**	**4.0**	**- 1.1**	**- 1.0**	**184.8**	**- 31.2**

	Total	Issued capital	Share premium	Unrealised exchange differences	Unrealised hedge gains and losses	Retained earnings	Net result
At January 1, 2015	**117.4**	10.7	22.1	0.7	1.5	184.0	- 101.6
Changes in first half -year 2015:							
Net result	**- 4.4**	-	-	-	-	-	- 4.4
Other comprehensive income	**3.3**	-	-	4.9	- 1.6	-	-
Income tax effect	**0.2**	-	-	-	0.2	-	-
Total comprehensive income	**- 0.9**	-	-	4.9	- 1.4	-	- 4.4
Equity settled share-based payments	**0.1**	-	-	-	-	0.1	-
Appropriation of result	**-**	-	-	-	-	- 101.6	101.6
Total of other changes	**0.1**	-	-	-	-	- 101.5	101.6
At June 30, 2015	**116.6**	**10.7**	**22.1**	**5.6**	**0.1**	**82.5**	**- 4.4**

* The numbers refer to the notes on page 5 and further of this annexe.

Consolidated statement of comprehensive income for the first half-year

(in millions of euros)

		first half 2015		first half 2014
Net result for the period		**- 4.4**		- 31.2
Other comprehensive income:				
Net change in cash flow hedges	**- 1.6**		0.9	
Income tax effect	**0.2**		- 0.2	
	- 1.4		0.7	
Exchange gains and losses on investments in associates	**4.9**		1.1	
Comprehensive income to be reclassified to profit or loss in subsequent periods		**3.5**		1.8
Share of comprehensive income of associates		**-**		-
Total comprehensive income		**- 0.9**		- 29.4
Attributable to holders of ordinary shares		**- 0.9**		- 29.4

Condensed consolidated cash flow statement for the first half-year
(in millions of euros)

	Note*	first half 2015		first half 2014	
Result on continuing operations before taxes			**- 16.8**		- 20.6
Adjusted for:					
- financial income and expenses			**4.9**		1.2
- depreciation, amortisation and impairment			**5.6**		13.6
- changes in working capital			**- 6.4**		- 5.2
- changes in provisions (incl. inventory obsolescence provision)			**- 1.4**		- 2.3
- other			**0.1**		0.2
Cash flow from ordinary activities			**- 14.0**		- 13.1
Income tax refund (payment)			**0.8**		- 2.0
Cash flow from operating activities:					
- continuing operations			**- 13.2**		- 15.1
- discontinued operations	5		**- 10.5**		- 12.2
Net cash flow from operating activities	8		**- 23.7**		- 27.3
Net cash flow from investing activities:					
- continuing operations (investment in fixed assets)		**- 4.4**		- 3.4	
- discontinued operations	5	**18.3**		- 1.8	
Net cash flow from investing activities	8		**13.9**		- 5.2
Draw down of borrowings		**41.6**		4.1	
Interest received on loans to associates		**-**		0.2	
Staff options exercised		**-**		0.1	
Interest paid		**- 3.1**		- 0.9	
Cash flow from financing activities:					
- continuing operations		**38.5**		3.5	
- discontinued operations	5	**- 5.8**		11.9	
Net cash flow from financing activities	8		**32.7**		15.4
Change in net cash and cash equivalents			**22.9**		- 17.1
Net foreign exchange difference on cash and cash equivalents			**0.6**		0.4
Cash and cash equivalents at January 1			**23.2**		27.5
Cash and cash equivalents at June 30			**46.7**		10.8

* The numbers refer to the notes on page 5 and further of this annexe.

Notes to the 2015 half-year figures of Macintosh Retail Group NV

1. General

All amounts are in millions of euros.
Macintosh Retail Group NV's registered office is in Maastricht, the Netherlands. Its place of business is located at Amerikalaan 100, 6199 AE Maastricht-Airport, the Netherlands.
The half-year figures relate to the period January 1 through June 30.

2. Accounting policies

In line with the 2014 financial statements, the 2015 half-year figures have been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. By drawing up the half-year figures, the same accounting policies have been applied as used in the 2014 annual report, apart from the changes resulting from new and/or amended standards and interpretations referred to below. The half-year is a brief report; it does not contain all the information and disclosures required for full-year financial statement.
The half-year figures should therefore be read in conjunction with the 2014 financial statements.

This half-year figures has been draw up in accordance with IAS 34 "*Interim Financial Reporting*".

New and amended standards and interpretations applied in the half-year figures
The following new and/or amended standards and interpretations, which are of relevance to Macintosh Retail Group, were applied for the first time in the half-year figures for 2015:

Improvements in IFRSs: cycles 2010-2012 and 2011-2013 (published in December 2013)

- *IFRS 2:* *Share-based Payment*
  This improvement concerns the tightening of the definition of "vesting condition", and clarifies the connection between performance conditions and the service condition. The improvement will have a minimal effect on Macintosh's financial position or earnings.
- *IFRS 3:* *Business Combinations*
  This improvement clarifies the following two matters:
  - contingent consideration that is presented as an asset or liability is to be measured at fair value through profit and loss at each reporting date;
  - joint arrangements are excluded from the scope of IFRS 3.

  This improvement will be implemented as appropriate.
- *IFRS 8:* *Operating Segments*
  These improvements concern the following:
  - a broadening of disclosures relating to the assessment management has made with respect to aggregation;
  - further clarification of the reconciliation of the total of reportable segments' assets to the entity's total assets.

This improvement will be applied.

- *IFRS 13:* *Fair Value Measurement:*
  This improvement clarifies two matters, i.e.:
  - short-term receivables and payables can be measured with no stated interest rates. They can be held at their invoice amounts without discounting if the effect of discounting is immaterial.
  - broadening of scope of the portfolio exception (Paragraph 52). All contracts accounted for within the scope of IAS 39 or IFRS 9 are included within the scope of Paragraph 52 of IFRS 13.

  These clarifications do not affect Macintosh's financial position or earnings.
- *IAS 24:* *Related-Party Disclosures*
  This improvement clarifies that a management entity providing key management personnel services to a reporting entity qualifies as a related party. Given that Macintosh does not have a management entity providing key management personnel services, this amendment will not, for the time being, affect the disclosures.

<u>New and amended standards and interpretations applicable to future accounting periods</u>

The following new and/or amended standards and interpretations may become applicable to Macintosh Retail Group in future accounting periods:

- *IFRS 9:* *Financial Instruments (financial year 2018, not yet endorsed by the EU)*
  This is a new standard that will eventually supersede IAS 39. Phase 1 concerns an entirely new framework for classifying and measuring financial instruments.
  The amendment will affect classification, but not measurement.
- *IFRS 15:* *Revenue from Contracts with Customers (financial year 2017, not yet endorsed by the EU)*
  This is a new standard that will eventually supersede IAS 18, IAS 11, SIC 31, IFRIC 13 and IFRIC 18. The standard introduces a five-step model for recognising revenue from contracts with customers and relates mainly to the timing and amount of revenue recognition of the individual components of a sales transaction.
  Given the nature of Macintosh's business (retail), this amendment is not expected to have a major impact on the financial results.
- *IAS 1:* *Presentation of Financial Statements (1 January 2016)*
  These amendments provide clarification as to:
  - The materiality requirements;
  - the specific items in the balance sheet, income statement and statement of comprehensive income may be disaggregated;
  - the flexibility as to the order of the disclosures;
  - the presentation of the share of profit of associates and joint ventures in the statement of comprehensive income;
  - the disclosure requirement for additional subtotals in the balance sheet, income statement and statement of comprehensive income.

  These amendments are not expected to affect Macintosh's financial position or earnings.

- *IAS 27:* *Separate Financial Statements (1 January 2016)*
  This amendment allows for the use of the equity method of accounting for recognising investments in subsidiaries, associates and joint ventures in the separate financial statements.
  This amendment is not expected to affect Macintosh's financial position or earnings.

Improvements in IFRSs: cycle 2012-2014 (published in September 2014)
In September 2014, the IASB issued the 2012-2014 cycle of improvements to its standards and interpretations, with the objective of removing inconsistencies and clarifying wording. The improvements are effective for accounting periods beginning on or after January 1, 2016.

- *IFRS 5:* *Non-Current Assets Held for Sale and Discontinued Operations*
  This improvement provides guidance on changes in methods of disposal. This improvement will be implemented as appropriate.
- *IFRS 7:* *Financial Instruments: Disclosures*
  This improvement provides guidance on servicing contracts and clarifies the applicability of the amendments to IFRS 7 to condensed interim financial statements. This improvement will be implemented as appropriate.
- *IAS 19:* *Employee Benefits: Discount Rate*
  This improvement clarifies how the discount rate used for regional markets is to be determined. This improvement will be implemented as appropriate.
- *IAS 34:* *Interim Financial Reporting*
  This standard clarifies the meaning of disclosure of information "elsewhere in the interim financial report". This improvement will be implemented as appropriate.

3. Segment information

For management purposes, the group is divided into segments, based on products delivered and services provided.
The division leads to the following operating segments for reporting purposes:

- Fashion
  Fashion comprises stores for the fashion segment, mainly chain stores that sell shoes, some of them clothing as well.
- Living
  The Living sector comprises stores for home furnishing and decoration.

The segments reported on are aggregates of operating segments that satisfy the criteria specified in IFRS 8.

The operations of Living, Fashion UK and Nea International are treated as discontinued operations in view of Macintosh's strategic decision to concentrate on the fashion operations in the Benelux. The segmentation information has been adjusted to reflect this.

Turnover and operating result by operating segment for the first half-year
(in millions of euros)

first half 2015			**Continuing operations**
	Fashion	Non-allocated	Total
Turnover	**203.7**	**-**	**203.7**
Operating result	**- 8.9**	**- 3.0**	**- 11.9**
Financial income and expense			**- 4.9**
Result before taxes			**- 16.8**
Income tax expense			**0.1**
Net result on continuing operations			**- 16.7**
Net result on discontinued operations[1]			**12.3**
Net result according to income statement			**- 4.4**

first half 2014			**Continuing operations**
	Fashion	Non-allocated	Total
Turnover	209.2	-	209.2
Operating result	- 15.2	- 4.2	- 19.4
Financial income and expense			- 1.2
Result before taxes			- 20.6
Income tax expense			- 1.4
Net result on continuing operations			- 22.0
Net result on discontinued operations[1]			- 9.2
Net result according to income statement			- 31.2

[1] For further details see Note 5 of this report.

There are no transactions between operating segments.
The item “non-allocated” operating result relates to any results not directly attributable to the segments, and consists mostly of non-allocated holding company costs and consultancy fees. As financing activities and tax management are conducted at group level, finance revenue and costs, as well as tax items, are not allocated to individual segments.

Operating assets by operating segment
Operating assets by operating segment do not differ materially from the assets as at December 31, 2014 as presented in the financial statements for 2014.

4. Seasonal factors

The retail markets relevant to Macintosh Retail Group are subject to seasonal patterns. Under normal circumstances, turnover and the related operating result are higher in the second half of the year than they are in the first half, particularly in the fourth quarter.

5. Discontinued operations

At the start of 2015, Macintosh Retail Group announced that in future it would concentrate on the fashion operations in the Benelux, and that as a consequence it would dispose of the operations of Kwantum (Living segment), Fashion UK and Nea International. The sale of Nea (production and wholesale of orthopaedic braces) took place in mid-May 2015 and resulted in a transaction gain of € 16.0 million. Sales negotiations regarding Kwantum and Fashion UK are ongoing, and these operations are expected to be sold within a year. In line with this decision, the operating results of these operations, together with the transaction gain on the sale of Nea, have been recognised in the income statement within result on discontinued operations, while the assets and liabilities of Living and Fashion UK have been recognised in the balance sheet within non-current assets held for sale and liabilities held for sale, respectively. Assets are measured at the lower of their carrying amount and fair value less costs to sell. No depreciation or amortisation has taken place since the reclassification. Based on current information, there is no reason for impairing the assets. With regard to the sale of Fashion UK, indicative bids are still being received, but this stage of the process has not come to an end yet. The valuation will be reassessed once this stage has ended, which is expected to be in the second half of 2015.

The balance sheet, earnings and cash flows of discontinued operations are set out below.

Condensed balance sheet of discontinued operations

30.06.2015	**Living**	**Fashion UK**	**Total**	**Nea[1]**
Non-current assets	12.5	36.7	49.2	1.1
Goodwill	-	17.7	17.7	-
Inventories	42.1	52.1	94.2	1.8
Receivables (including intercompany receivables)	1.9	3.6	5.5	3.4
Other current assets	1.1	7.9	9.0	0.1
Cash and cash equivalents	10.0	7.0	17.0	0.3
Total assets	**67.6**	**125.0**	**192.6**	**6.7**
Less: eliminations and consolidation adjustments			- 3.9	
Assets held for sale			**188.7**	
Provisions	0.8	11.2	12.0	0.1
Long-term liabilities (including intercompany payables)	1.5	6.8	8.3	0.4
Current liabilities (including intercompany payables)	36.2	68.5	104.7	0.5
Other current liabilities	9.0	9.7	18.7	1.7
Total liabilities	**47.5**	**96.2**	**143.7**	**2.7**
Less: eliminations and consolidation adjustments			- 56.9	
Liabilities held for sale			**86.8**	

[1] The figures of Nea refer to the balance sheet at the time of the sale (mid May 2015).

Condensed income statement of discontinued operations

first half 2015	**Living**	**Fashion UK**	**Nea[1]**	**Total**
Net turnover	104.8	112.9	2.3	220.0
Total expenses	- 101.5	- 117.2	- 1.8	- 220.5
Operating result	3.3	- 4.3	0.5	- 0.5
Financial income and expense	- 0.3	- 1.1	-	- 1.4
Result before taxation:				
- from operations	3.0	- 5.4	0.5	- 1.9
- on sale and transaction result	- 0.5	- 0.4	16.0	15.1
	2.5	- 5.8	16.5	13.2
Income tax expense:				
- on operating results	- 0.6	- 0.2	- 0.1	- 0.9
- on results realised on sale	-	-	-	-
	- 0.6	- 0.2	- 0.1	- 0.9
Net result on discontinued operations	**1.9**	**- 6.0**	**16.4**	**12.3**
Earnings per share in €				**0.48**
Diluted earnings per share in €				**0.48**

first half 2014	**Living**	**Fashion UK**	**Nea**	**Total**
Net turnover	89.6	102.8	3.8	196.2
Total expenses	- 88.6	- 106.4	- 2.8	- 197.8
Other operating expenses	-	- 6.5	-	- 6.5
Operating result	1.0	- 10.1	1.0	- 8.1
Financial income and expense	- 0.5	- 1.2	-	- 1.7
Result before taxation:				
- from operations	0.5	- 11.3	1.0	- 9.8
- on sale and transaction results	-	-	-	-
	0.5	- 11.3	1.0	- 9.8
Income tax expense:				
- on operating results	0.1	0.8	- 0.2	0.7
- on results realised on sale	-	-	-	-
	0.1	0.8	- 0.2	0.7
Net result on discontinued operations	**0.6**	**- 10.5**	**0.8**	**- 9.1**
Earnings per share in €				- 0.36
Diluted earnings per share in €				- 0.36

[1] The operating result 2015 from Nea refers to the period 1 January up to the date of sale (mid May 2015).

The gain on the sale of Nea amounted to € 16.0 million. This gain has been reported in the line item results on sale and transaction results, together with the costs that have already been incurred as part of the ongoing process of selling Living and Fashion UK. In 2014, other operating expenses consisted of store closure costs.

Condensed cash flow statement of discontinued operations

		first half 2015		first half 2014
Net cash generated from operations		**- 10.5**		- 12.0
(Payment)/recovery of income taxes		**-**		- 0.2
Net cash flow used in operating activities		**- 10.5**		- 12.2
Additions to non-current assets	**- 2.6**		- 1.8	
Sale of participations	**20.9**		-	
Net cash flow from investing activities		**18.3**		- 1.8
Draw down of borrowings	**14.5**		13.6	
Repayment of borrowings	**- 19.0**		-	
Interest paid	**- 1.3**		- 1.7	
Net cash flow from financing activities		**- 5.8**		11.9
Net cash flow		**2.0**		- 2.1

The figures for 2015 include the cash flows of Nea International up to the date it was sold (mid-May 2015). Cash flows from the sale of participations consist of the proceeds of the sale of Nea (€ 21.2 million) less the amount of € 0.3 million in cash and cash equivalents that was included in the sale. The proceeds of the sale were used to repay bank loans up to an amount of € 19 million. In 2015, as in 2014, the loans that were drawn were intercompany loans.

6. Notes to various items included in the consolidated income statement

At the start of 2015, Macintosh Retail Group took the strategic decision to concentrate on the fashion operations in the Benelux. As a consequence, the operations of Living, Fashion UK and Nea International have been recognised as discontinued operations. The comparative figures have been restated accordingly.

a. <u>Net turnover</u>
The net turnover from continuing operations mainly relates to turnover from goods sold.

b. Other operating expenses

Operating result for 2014 of € 19.4 million negative includes an amount of € 7.8 million negative that relates to other operating expenses. This item can be broken down as follows:

Changes in onerouse lease provisions	0.1
Impairment of assets of stores to close/to divest	- 2.3
Impairment of inventories of stores to close/to divest	- 5.1
Consultancy fees for strategy research	- 0.5
Total other operating expenses	**- 7.8**

c. Financial income and expenses

The increase in finance costs (€ 3.7 million) is due to higher interest expenses because of a greater liquidity requirement subject to a higher rate of interest (€ 1.5 million), exchange differences (€ 0.4 million) and higher financing expenses (€ 1.5 million), mainly because of increased amortisation of capitalised financing expenses due to the recent refinancing operation.

7. Notes to various items included in the balance sheet

General

In view of the proposed disposal of Living and Fashion UK, the assets and liabilities of these operations have been recognised within non-current assets held for sale and liabilities held for sale, respectively, in the balance sheet at June 30, 2015. This fact should be taken into consideration when assessing the balance sheet items.

a) Loans to associates

This item relates to amounts receivable from Halfords Nederland, which had not been settled as at June 30, 2015. This receivable is expected to be collectible.

b) Inventories

Inventories, which amounted to € 120.9 million (2014: € 221.2 million), relate almost entirely to goods for retailing. Inventories were impaired to their recoverable amounts as follows:

(in millions of euros)	**30.06.2015**	30.06.2014[1]
As at January 1	10.9	7.9
Impairment of inventories of stores to close/ to divest	-	5.1
Reclassification to assets held for sale	- 3.2	-
Addition charged to the income statement	4.5	4.3
Utilisation	- 3.4	- 3.2
As at June 30	8.9	14.1

[1] 2014: Including discontinued operations.

c) Derivative financial instruments

The capitalised amount of € 1.3 million for short-term derivative financial instruments relates entirely to forward exchange contracts, while the total of € 0.8 million in long-term and short-term derivative financial instruments that is recognised as a liability includes € 0.2 million relating to interest rate derivatives.

d) Financing and convenants

Net debt amounted to € 82.2 million at June 30, 2015, compared with € 80.1 million at June 30, 2014.

The composition of the net debt is as follows:

(in millions of euros)	**30.06.2015**	30.06.2014
Structured loan	**20.0**	-
Finance lease obligations (long-term and short-term)	**-**	1.1
Current account overdrafts with credit institutions	**108.7**	89.8
Total interest bearing debt	**128.7**	90.9
Finance lease obligations of discontinued operations	**0.2**	-
Total interest bearing debt	**128.9**	90.9
Cash and cash equivalents according to balance sheet	**29.7**	10.8
Cash and cash equivalents of discontinued operations	**17.0**	-
Total cash and cash equivalents	**46.7**	10.8
Net debt	**82.2**	80.1

At June 30, 2015, the entire borrowing facility (including the structured loan) amounted to € 125.8 million. With respect to these facilities, securities have been provided in the form of asset pledges and guarantees given by group companies. Moreover, consolidated operating result before deduction of depreciation and amortisation (EBITDA) for the previous 12 months is required to amount to at least € 1.9 million (actual: € 9.7 million), and capital expenditures are subject to an upper limit, which was also observed in the first half of 2015.

8. Notes to the consolidated cash flow statement

A comparison between cash flows from continuing operations in 2015 and 2014 is provided below.

a) Cash flow from operating activities

Net cash used in operating activities amounted to € 13.2 million, representing an improvement of € 1.9 million compared with the same period in 2014, of which € 2.8 million was due income taxes (recovery of € 0.8 million compared to a payment of € 2.0 million in 2014).

b) <u>Cash flow from investing activities</u>

Net cash used in investing activities of continuing operations stood at € 4.4 million and consisted of regular capital expenditures (2014: € 3.4 million).

c) <u>Cash flow from financing activities</u>

Net cash from financing activities stood at € 38.5 million (2014: € 3.5 million). The increase of € 35.0 million was primarily attributable to the balance of more loans being drawn (€ 37.5 million) and more interest being paid (€ 2.2 million). This is reflected to some degree in the € 22.9 million increase in cash and cash equivalents.