

9 October 2007

## **N Brown Group plc**

### **INTERIM RESULTS ANNOUNCEMENT SIX MONTHS ENDED 25 AUGUST 2007**

*N Brown Group plc, the internet and catalogue home shopping company, today announces its interim results for the 26 weeks to 25 August 2007.*

#### **Highlights:**

|                                                                  |                |
|------------------------------------------------------------------|----------------|
| • Group revenue up to £290.6m                                    | <b>+13.6%</b>  |
| • Group operating profit from continuing operations up to £41.2m | <b>+17.7%</b>  |
| • Group profit before tax up to £34.3m                           | <b>+17.5%</b>  |
| • Home Shopping sales up to £286.8m                              | <b>+14.2%:</b> |
| • Like-for-like sales up                                         | <b>+10.6%</b>  |
| • E-commerce sales up to £73m                                    | <b>+40.4%</b>  |
| • Earnings per share from continuing operations up to 9.14p      | <b>+28.9%</b>  |
| • Interim dividend up to 2.65p                                   | <b>+21.0%</b>  |
| • Current trading for the six weeks ended 6 October up           | <b>+11.1%</b>  |

#### **Alan White, Chief Executive, said:**

“We are pleased to announce a strong and sustained performance for the half year across all our customer and product groups. We have expanded our existing catalogues and mid-season mailings and launched four new catalogues this year which have seen very encouraging results thus far. There are huge opportunities to grow our internet sales as more and more customers shop online. Sales for the first six weeks give us confidence that we will deliver a good performance in the second half.”

#### **Lord Alliance of Manchester, CBE, Chairman, added:**

“In recent years we have been focusing on improving our customer service, product ranges, and the quality of the catalogues. We have also continued to develop our channels to market, especially the internet, which is now at the heart of our business. We have an experienced and devoted team and, with the encouraging start to the second half, I have every confidence that we will continue to perform strongly.”

-Ends-

#### **For further information please contact:**

##### **N Brown Group plc**

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## **CHAIRMAN'S STATEMENT**

### **Group**

Group revenue from continuing operations for the 26 weeks to 25 August 2007 is up by 13.6% to £290.6m and operating profit is up by 17.7% to £41.2m. Profit before tax is up by 17.5% to £34.3m and, incorporating the return of value to shareholders and associated consolidation of share capital in February 2007, earnings per share from continuing operations are up by 28.9% at 9.14p. The directors are proposing an interim dividend of 2.65p, up 21.0% and covered 3.5 times.

Net debt at 25 August 2007 stood at £202.3m (2006, £105.3m) following the £80m return of value to shareholders in March 2007 and a £15m special contribution to the pension fund, which now has a deficit of only £7.9m (2006, £32.2m). Net interest payable on borrowings was £7.1m, covered 5.8 times. Gearing was 93% (2006, 41%) on net assets of £217.8m (2006, £255.3m).

### **Home Shopping**

Home shopping turnover rose by 14.2% to £286.8m, or by 10.6% on a like-for-like basis and operating profit is up by 16.8% to £41.0m. One of the strengths of our business model is the ability to have a wide range of merchandise on offer at all times to meet the customer's needs whatever the weather. The strange weather patterns in the first half did influence sales trends, with strong spring sales followed by a weaker summer period and then a good start for our autumn product ranges. It is therefore encouraging to report that once again we saw good progress in all our major customer and product groups, complemented by new catalogue launches and further improvements in customer service and our operating efficiency.

#### *Customers*

Turnover from our core midlife brands, targeted at customers aged 45-65, accounted for 68% of total home shopping sales, increasing by 14% to £196m. Within this group there were strong performances by JD Williams, Shoe Tailor, Fifty Plus, Oxendales in Ireland and Premier Man. In addition Gray & Osbourn, which was acquired on 30 June 2006, delivered sales of £12m compared with £2m in the two months post-acquisition last year, representing an underlying like-for-like sales growth of 13%.

Our younger titles, targeting customers aged 30-45, increased sales by 18% to £78m with strong performances from Fashion World and, especially, Simply Be where sales were up by a further 33%. The catalogues targeted at customers over 65 years of age had sales of £13m, level with last year.

The total number of active established customers rose by 3% and there was a further 6% increase in the average spend per customer. These statistics demonstrate that we are winning an increasing share of our customers' total expenditure through improvements to our product ranges, catalogue and website presentation, and our service standards. Sales from customers recruited during the first half rose by 9% as we continued to target our campaigns on our unique selling propositions which produce higher quality customers with greater lifetime values.

#### *Product Ranges*

Turnover growth was evident in all our major product groups. Ladieswear saw a sales increase of 19% to £167m with strong increases in both casual clothing and from the trend towards smarter, more tailored, outfits. The number of lines and the range of sizes and fittings has continued to increase to give our customers a greater choice whatever their size and shape. Footwear sales have risen by 10%, the expansion of the styles appealing to our younger customers being particularly important. This is also a major factor behind the 17% increase in sales of menswear to £21m, although this category still only accounts for 10% of

our total clothing sales at present. Home and leisure sales rose by 5% to £66m, representing 23% of total sales, with the electrical and household textile ranges being particularly strong.

### *Online Sales*

E-commerce is at the heart of our business strategy. During the period online sales have risen by 40% to £73m and now represent over 25% of all sales compared with 21% last year. This is due to a number of factors. More customers, whatever their age, are selecting the internet as their channel of choice, and we are encouraging this trend by a continuous improvement programme for our website functionality and a growing number of internet-only product offers. The result is that we have increased online order values to over 25% above those of telephone orders through proactive cross-marketing within our portfolio of over forty websites, each of which represents a product or customer niche. These higher order values, and the bypassing of the contact centre, also help to drive significant operational cost efficiencies.

### *Gross and Operating Margins*

The rate of gross margin of 55.5% (2006, 56.5%) has remained in line with that at the full year, and was better than expected for two reasons. The mix of products was favourable and the increasing proportion of younger customers did not have as much impact on the rate of bad debt as we had anticipated. Changes to our credit scoring and credit limit policies have resulted in a planned increase in the rate of bad debts over the last 18 months because they produce incremental sales for little additional marketing cost, thereby boosting profitability. Our credit policies remain conservative relative to the revenue generated by customers who pay on deferred terms.

Operating costs in home shopping have risen by only 10.6%, well below the rate of sales growth, with efficiencies arising in both distribution and selling and administrative costs due to the growth of internet sales and the continuing cost reduction programme. Consequently we have seen a further rise of 0.3% in the home shopping operating margin to 14.3% (2006, 14.0%).

The service provided to our customers has continued to improve. The £10m project to construct bulk and hanging garment warehouses at our Hadfield site was completed successfully in May. This has helped to deliver record levels of productivity in the distribution centres and speeded up the time taken for despatch of customers' orders. Improvements to our product specifications have delivered a 0.3% reduction in the rate of goods returned by customers. The combination of all our service enhancements has resulted in a 10% reduction in enquiries to our contact centre, which will also aid customer retention in the future.

### **Zendor**

Zendor, our fulfilment services business, has delivered an operating profit of £0.2m, compared with an interim loss of £0.1m last year. Revenue of £3.8m was below last year's £4.6m, but new contracts which have started recently for Woolworths, Peacocks and Reiss, together with a strong prospect pipeline, should improve the situation going forward.

### **Borrowing Facilities**

The group has committed borrowing facilities of £320m until 2012, of which £243m were utilised as at 25 August 2007. The primary facilities are a £200m securitisation programme through an HSBC A-1/P1 rated conduit which has no exposure to the US sub-prime mortgage market and has a matching standby facility, and £120m of bilateral loans from HSBC and Royal Bank of Scotland. In addition at 25 August 2007 the group had cash balances of £40m.

### **Current Trading and Outlook**

Group sales for the six weeks ended 6 October 2007 on a like-for-like basis are up by 11.1% on the same period last year. We have launched two new catalogues this autumn:

- Marisota is targeted at middle-aged women who have not previously been home shoppers who we can now attract to our clothing ranges by featuring the variety of sizes, lengths, colours and fittings available.
- Jacamo aims to increase our share of the menswear market by targeting men aged 30 to 45 with a range of clothing which includes a high branded content available, often exclusively to us, in the larger chest and waist sizes.

The early results from these new initiatives are very encouraging and together with the successful launches in spring of Simply Yours (an upmarket lingerie catalogue) and Simply Be Home (a selection of home and leisure products which appeal to our younger customers), are demonstrating that we can attract new customers to our business utilising a combination of direct response television, public relations activity and search engine advertising, coupled with a compelling product proposition.

These initiatives are investments for the future whereas the results for the second half will be dependent on the success from expanding our existing catalogues and mid-season mailings, the largest of which will be our upgraded Christmas Gifts catalogue. External factors, such as the dispute between the Royal Mail and the Union of Communication Workers and general economic conditions, may influence consumer spending patterns. However we believe the age and socio-demographic distribution of our customer base gives our business resilience in the event of a downturn.

The results achieved in the first half, coupled with the encouraging trading in the second half to date, give the board confidence that the management and staff can deliver another strong performance for the year as a whole.

Lord Alliance of Manchester, CBE  
9 October 2007

## Unaudited consolidated income statement

|                                                                       | Note | 26 weeks to<br>25-Aug-07<br>£m | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|-----------------------------------------------------------------------|------|--------------------------------|--------------------------------|--------------------------------|
| <b>Revenue - continuing operations</b>                                | 3    | <b>290.6</b>                   | 255.8                          | 533.8                          |
| <b>Operating profit - continuing operations</b>                       | 3    | <b>41.2</b>                    | 35.0                           | 76.4                           |
| Investment income                                                     |      | 2.1                            | 1.4                            | 2.7                            |
| Finance costs                                                         |      | (9.2)                          | (5.5)                          | (11.3)                         |
| Fair value adjustments to financial instruments                       |      | 0.2                            | (1.7)                          | (2.4)                          |
| <b>Profit before taxation</b>                                         |      | <b>34.3</b>                    | 29.2                           | 65.4                           |
| Taxation                                                              | 5    | (9.8)                          | (8.3)                          | (18.5)                         |
| <b>Profit for the period from continuing operations</b>               |      | <b>24.5</b>                    | 20.9                           | 46.9                           |
| Loss for the period from discontinued operations                      | 4    | -                              | (1.2)                          | (1.2)                          |
| <b>Profit attributable to equity holders of the parent</b>            |      | <b>24.5</b>                    | 19.7                           | 45.7                           |
| <b>Earnings per share from continuing operations</b>                  | 6    |                                |                                |                                |
| Basic                                                                 |      | 9.14p                          | 7.09p                          | 15.89p                         |
| Diluted                                                               |      | 9.03p                          | 7.05p                          | 15.80p                         |
| <b>Earnings per share from continuing and discontinued operations</b> | 6    |                                |                                |                                |
| Basic                                                                 |      | 9.14p                          | 6.68p                          | 15.48p                         |
| Diluted                                                               |      | 9.03p                          | 6.64p                          | 15.40p                         |

**Unaudited consolidated statement of recognised income and expense**

|                                                                                          | <b>26 weeks to<br/>25-Aug-07<br/>£m</b> | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------|--------------------------------|
| Exchange differences on translation of foreign operations                                | <b>(0.1)</b>                            | (0.2)                          | 0.4                            |
| Actuarial gains on defined benefit pension schemes                                       | <b>5.3</b>                              | 2.9                            | 8.3                            |
| Tax on items recognised directly in equity                                               | <b>(1.9)</b>                            | (0.9)                          | (0.5)                          |
| <b>Net income recognised directly in equity</b>                                          | <b>3.3</b>                              | 1.8                            | 8.2                            |
| <br><b>Profit for the period</b>                                                         | <br><b>24.5</b>                         | <br>19.7                       | <br>45.7                       |
| <br><b>Recognised income for the period attributable to equity holders of the parent</b> | <br><b>27.8</b>                         | <br>21.5                       | <br>53.9                       |

## Unaudited consolidated balance sheet

|                                      | 25-Aug-07<br>£m | 26-Aug-06<br>£m | 24-Feb-07<br>£m |
|--------------------------------------|-----------------|-----------------|-----------------|
| <b>Non-current assets</b>            |                 |                 |                 |
| Intangible assets                    | 30.7            | 29.5            | 30.9            |
| Property, plant & equipment          | 71.3            | 63.9            | 68.9            |
| Deferred tax assets                  | 7.8             | 9.8             | 11.3            |
|                                      | <u>109.8</u>    | <u>103.2</u>    | <u>111.1</u>    |
| <b>Current assets</b>                |                 |                 |                 |
| Inventories                          | 64.3            | 53.0            | 54.9            |
| Trade and other receivables          | 384.3           | 341.2           | 359.2           |
| Cash and cash equivalents            | 40.9            | 38.7            | 40.0            |
|                                      | <u>489.5</u>    | <u>432.9</u>    | <u>454.1</u>    |
| <b>Total assets</b>                  | <u>599.3</u>    | <u>536.1</u>    | <u>565.2</u>    |
| <b>Current liabilities</b>           |                 |                 |                 |
| Bank overdrafts                      | (0.2)           | (0.2)           | (0.2)           |
| Trade and other payables             | (104.7)         | (78.7)          | (83.7)          |
| Derivative financial instruments     | (1.5)           | (1.0)           | (1.7)           |
| Provisions                           | -               | (2.0)           | -               |
| Dividends declared                   | -               | -               | (79.9)          |
| Current tax liability                | (15.2)          | (18.1)          | (18.6)          |
|                                      | <u>(121.6)</u>  | <u>(100.0)</u>  | <u>(184.1)</u>  |
| <b>Net current assets</b>            | <u>367.9</u>    | <u>332.9</u>    | <u>270.0</u>    |
| <b>Non-current liabilities</b>       |                 |                 |                 |
| Bank loans                           | (243.0)         | (143.8)         | (143.8)         |
| Retirement benefit obligation        | (7.9)           | (32.2)          | (27.7)          |
| Deferred tax liabilities             | (9.0)           | (4.8)           | (7.1)           |
|                                      | <u>(259.9)</u>  | <u>(180.8)</u>  | <u>(178.6)</u>  |
| <b>Total liabilities</b>             | <u>(381.5)</u>  | <u>(280.8)</u>  | <u>(362.7)</u>  |
| <b>Net assets</b>                    | <u>217.8</u>    | <u>255.3</u>    | <u>202.5</u>    |
| <b>Equity</b>                        |                 |                 |                 |
| Share capital                        | 30.0            | 29.5            | 29.6            |
| Share premium account                | 11.0            | 9.5             | 10.3            |
| Own shares                           | (0.3)           | (0.5)           | -               |
| Foreign currency translation reserve | 0.3             | (0.2)           | 0.4             |
| Retained earnings                    | 176.8           | 217.0           | 162.2           |
| <b>Total equity</b>                  | <u>217.8</u>    | <u>255.3</u>    | <u>202.5</u>    |

## Unaudited consolidated cash flow statement

|                                                      | 26 weeks to<br>25-Aug-07<br>£m | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Net cash from operating activities</b>            | <b>9.7</b>                     | 19.3                           | 42.8                           |
| <b>Investing activities</b>                          |                                |                                |                                |
| Purchases of property, plant and equipment           | (5.0)                          | (5.3)                          | (12.9)                         |
| Purchases of intangible assets                       | (3.0)                          | (3.1)                          | (8.0)                          |
| Acquisition of subsidiary                            | -                              | (7.1)                          | (7.3)                          |
| Interest received                                    | 0.7                            | 0.6                            | 1.0                            |
| <b>Net cash used in investing activities</b>         | <b>(7.3)</b>                   | (14.9)                         | (27.2)                         |
| <b>Financing activities</b>                          |                                |                                |                                |
| Interest paid                                        | (7.5)                          | (4.1)                          | (8.0)                          |
| Dividends paid                                       | (94.2)                         | (13.1)                         | (19.6)                         |
| Increase in bank loans                               | 99.2                           | -                              | -                              |
| Proceeds on issue of share capital                   | 0.7                            | 0.3                            | 0.5                            |
| Proceeds on issue of shares held by ESOT             | 0.3                            | 0.1                            | 0.4                            |
| <b>Net cash used in financing activities</b>         | <b>(1.5)</b>                   | (16.8)                         | (26.7)                         |
| Net increase/(decrease) in cash and cash equivalents | <b>0.9</b>                     | (12.4)                         | (11.1)                         |
| Opening cash and cash equivalents                    | <b>40.0</b>                    | 51.1                           | 51.1                           |
| <b>Closing cash and cash equivalents</b>             | <b>40.9</b>                    | 38.7                           | 40.0                           |

## Reconciliation of operating profit to net cash inflow from operating activities

|                                                                 | 26 weeks to<br>25-Aug-07<br>£m | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Operating profit from continuing operations                     | 41.2                           | 35.0                           | 76.4                           |
| Operating loss from discontinued operations                     | -                              | (1.7)                          | (1.7)                          |
| Adjustments for:                                                |                                |                                |                                |
| Depreciation of property, plant and equipment                   | 2.6                            | 2.5                            | 5.1                            |
| Amortisation of intangible assets                               | 3.2                            | 3.3                            | 7.0                            |
| Share option charge                                             | 0.8                            | 0.6                            | 1.2                            |
| <b>Operating cash flows before movements in working capital</b> | <b>47.8</b>                    | <b>39.7</b>                    | <b>88.0</b>                    |
| (Increase)/decrease in inventories                              | (9.4)                          | 2.0                            | -                              |
| Increase in trade and other receivables                         | (24.8)                         | (14.9)                         | (32.5)                         |
| Increase/(decrease) in trade and other payables                 | 20.3                           | (1.7)                          | 1.4                            |
| Pension obligation adjustment                                   | (14.5)                         | (0.1)                          | 0.1                            |
| <b>Cash generated by operations</b>                             | <b>19.4</b>                    | <b>25.0</b>                    | <b>57.0</b>                    |
| Taxation paid                                                   | (9.7)                          | (5.7)                          | (14.2)                         |
| <b>Net cash from operating activities</b>                       | <b>9.7</b>                     | <b>19.3</b>                    | <b>42.8</b>                    |

## Notes to the interim financial statements

### 1. Basis of preparation

The group's interim results for the 26 weeks ended 25 August 2007 were approved by the board of directors on 9 October 2007, and have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those disclosed in the annual report & accounts for the 52 weeks ended 24 February 2007.

The financial information for the 52 weeks ended 24 February 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of those accounts have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

In the current financial year, the group will adopt International Financial Reporting Standard 7 'Financial instruments: Disclosures' (IFRS7) for the first time. As IFRS7 is a disclosure standard, there is no impact of that change in accounting policy on the half-yearly financial report.

### 2. Risks and uncertainties

There are a number of risks and uncertainties which could have a material impact on the group's long-term performance. They include the potential threat from our competitors; our relationship with key suppliers; the loss of key personnel; potential disruption to our key information systems, warehousing or call centre facilities arising from events beyond our control such as fire or other issues which could have a detrimental impact on sales and profit; changes to the regulatory environment that the business operates under, primarily regulated by the Financial Services Authority and the Office of Fair Trading.

The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate these risks, such as having business continuity procedures in place, a dedicated team assessing regulatory developments, ensuring we treat our customers fairly and hosting regular reviews with all of our strategic partners. The board are also committed to invest continually in updating its systems and infrastructure to keep pace with new technology.

### 3. Segmental Analysis

|                                     | <b>26 weeks to<br/>25-Aug-07<br/>£m</b> | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|-------------------------------------|-----------------------------------------|--------------------------------|--------------------------------|
| <b>Analysis of revenue</b>          |                                         |                                |                                |
| <i>Continuing operations</i>        |                                         |                                |                                |
| Home shopping                       | <b>286.8</b>                            | 251.2                          | 523.8                          |
| Fulfilment                          | <b>3.8</b>                              | 4.6                            | 10.0                           |
|                                     | <b>290.6</b>                            | 255.8                          | 533.8                          |
| <b>Analysis of operating profit</b> |                                         |                                |                                |
| <i>Continuing operations</i>        |                                         |                                |                                |
| Home shopping                       | <b>41.0</b>                             | 35.1                           | 76.3                           |
| Fulfilment                          | <b>0.2</b>                              | (0.1)                          | 0.1                            |
|                                     | <b>41.2</b>                             | 35.0                           | 76.4                           |

#### 4. Discontinued operations

|                                                  | 26 weeks to<br>25-Aug-07<br>£m | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|--------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <i>Revenue</i>                                   |                                |                                |                                |
| Door to door selling                             | -                              | 4.6                            | 4.6                            |
| <i>Operating loss</i>                            |                                |                                |                                |
| Door to door selling                             | -                              | (1.4)                          | (1.4)                          |
| Loss on disposal of discontinued operations      | -                              | (0.3)                          | (0.3)                          |
| Attributable tax credit                          | -                              | 0.5                            | 0.5                            |
| Net loss attributable to discontinued operations | -                              | (1.2)                          | (1.2)                          |

#### 5. Taxation

The taxation charge for the 26 weeks ended 25 August 2007 is based on the estimated effective tax rate for the full year.

#### 6. Earnings per share

The calculation of earnings per share from continuing operations is based on the profit for the period from continuing operations of £24.5m (2006, £20.9m) and the weighted average number of shares in issue during the period of 268,038,000 (2006, 294,923,000).

The calculation of earnings per share from continuing and discontinued operations is based on the profit attributable to equity holders of the parent of £24.5m (2006, £19.7m) and the weighted average number of shares in issue during the period of 268,038,000 (2006, 294,923,000).

For diluted earnings per share, the weighted average number of shares of 271,281,000 (2006, 296,511,000) has been calculated after adjusting for the potential dilutive effect of outstanding share options.

## 7. Reconciliation of equity

|                                        | <b>26 weeks to<br/>25-Aug-07<br/>£m</b> | 26 weeks to<br>26-Aug-06<br>£m | 52 weeks to<br>24-Feb-07<br>£m |
|----------------------------------------|-----------------------------------------|--------------------------------|--------------------------------|
| Total recognised income for the period | <b>27.8</b>                             | 21.5                           | 53.9                           |
| Equity dividends declared              | <b>(14.3)</b>                           | (13.1)                         | (19.6)                         |
| B share dividend declared              | -                                       | -                              | (79.9)                         |
| Issue of ordinary share capital        | <b>1.1</b>                              | 0.3                            | 1.2                            |
| Purchase of own shares by ESOT         | <b>(0.4)</b>                            | -                              | (0.7)                          |
| Issue of own shares by ESOT            | <b>0.3</b>                              | 0.1                            | 0.4                            |
| Share option charge                    | <b>0.8</b>                              | 0.5                            | 1.2                            |
| Total movement during the period       | <b>15.3</b>                             | 9.3                            | (43.5)                         |
| Equity at the beginning of the period  | <b>202.5</b>                            | 246.0                          | 246.0                          |
| <b>Equity at the end of the period</b> | <b>217.8</b>                            | 255.3                          | 202.5                          |

## 8. Dividends

The directors have declared and approved an interim dividend of 2.65 pence per share (2006, 2.19p). This will be paid on 4 January 2008 to shareholders on the register at the close of business on 7 December 2007.

### Responsibility statement:

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 26 weeks and description of principal risks and uncertainties for the remaining twenty seven weeks of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Alan White  
Chief Executive

Dean Moore  
Finance Director

9 October 2007