

28 April 2009

N Brown Group plc

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009

N Brown Group plc, the internet and catalogue home shopping company, today announces its full year results for the 52 weeks to 28 February 2009.

Highlights:

• Like-for-like revenue	£662.5m	+10.7%
• Like-for-like operating profit	£95.5m	+ 6.2%
• Like-for-like adjusted pre-tax profit	£82.7m	+11.3%
• E-commerce sales	£225m	+38.0%
• Earnings per share from continuing operations	22.0p	+11.2%
• Like-for-like sales for the eight weeks ended 25 April		+ 6.1%
• New customer sales up		+ 8.0%
• Full year dividend	9.19p	+1.4%
• Confident outlook for 2009		

Lord Alliance of Manchester, CBE, Chairman, said:

“In light of the difficult market conditions I am pleased to report that the Group has continued its upward momentum. We have seen growth, from both new and established customers, across all our product categories and we are pleased to have seen an average spend per customer increase of 7% in the period. E-commerce sales continue to do extremely well and we are confident this is a trend which will persist for the medium term.”

Alan White, Chief Executive, added:

“We are encouraged by our performance over the first eight weeks to April 25, 2009.

“Whilst the outlook remains uncertain, we believe that the strength of our customer base and focussed product propositions means we are well-positioned to continue to further increase our market share. We will continue to capitalise on growth opportunities generated from the further development of our core brands, e-commerce strategy and the flexibility of our business model, as well as expanding our international trials.”

-Ends-

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Chairman's Statement

Financial Results

In the year to 28 February 2009, N Brown Group has weathered the current turbulent economic conditions and has delivered another record set of results. Group revenues were up 10.7% to £662.5m, and operating profits were up 6.2% to £95.5m on a like-for-like basis after adjusting for the benefit of the 53rd week in last year. Profit before taxation is up 21.3% to £92.3m, and after adjusting for the £9.6m fair value adjustment to financial instruments (2008, £1.8m) the underlying profit before taxation is up 11.3% to £82.7m. Adjusted earnings per share have grown by 11.2% to 21.96p. In the current environment the board believes it is prudent to recommend an unchanged final dividend of 6.41p, making a total of payment of 9.19p, up 1.4%, which is covered 2.4 times.

Net borrowings at the year-end stood at £218.3m, an increase of £18.9m on last year, primarily due to the increase in interest-bearing trade debtors. During the year we have benefited from decreasing interest rates which has reduced the net finance costs from £15.6m to £12.8m. Net interest payable on borrowings is covered 7.5 times (2008, 5.9 times), and gearing is 76% (2008, 80%) based on net assets of £288.3m, up 16.0%.

We have committed borrowing facilities of £320m in place until 2012, which, together with our other resources and cash generated by the business, we believe is more than adequate to cope with any further deterioration in the economy.

Trading

Key highlights in the year have been:

- Growth in all areas of our brand portfolio, from both new and established customers and from all major product groups
- The ongoing strength of our e-commerce activity which has grown by 38% and now accounts for 34% of all sales, delivering both higher order values and reduced transaction costs
- The strong growth from our newer brands, launched in 2007, which accounted for 36% of the total growth. In particular we have seen strong demand for Marisota, targeting contemporary, confident women, and Jacamo, with its younger menswear in larger sizes, with a high branded content.
- The ongoing development of our product range where we have built on the extensive range of options available in terms of size and fit, and seen strong growth from our branded and celebrity-designed ranges
- Achieving our highest ever level of customer satisfaction reflecting the concerted campaign to improve all aspects of the service offered from order through to delivery
- The initiation of our international trials, notably the launch in February 2009 of Simply Be in Germany.

Board

In March 2009 we welcomed Anna Ford to the board as a new non-executive director and we also appointed Ivan Fallon as deputy chairman of the group. I believe we have a talented, experienced and balanced group of non-executive directors who will help management to shape our business strategy going forward.

Environment

We have had a proactive campaign to reduce our impact on the environment. I am delighted that in the last three years we have delivered an 8% reduction in our carbon footprint profile, including a 10% reduction in utility consumption, and we now recycle 83% of all our waste.

Outlook

The next year will be very challenging due to the recession, which will see higher levels of unemployment, and the ongoing impact from the devaluation of sterling, which will put pressure on our input prices. We have to carefully manage our sales growth and debtor book in this environment. However a key strength of our business is its flexible cost base which enables us to adapt to changing conditions.

Our multi channel strategy, targeting our customers with products that fit their individual needs, together with excellent service and delivery options, will remain the cornerstone of our strategy in the future and help to ensure resilience to these economic conditions that are likely to prevail into 2010.

The new financial year has started well, with sales for the 8 weeks to 25 April 2009 6.1% ahead of last year. We have plans in place to continue to invest in our e-commerce capabilities, develop our new brands still further, and will review our international trials to see if they provide encouragement to explore opportunities in other overseas markets.

Success can only be achieved with the commitment and hard work of our management team, our staff and the support of our suppliers. I would like to thank them all for the contribution they have made in achieving these results.

Lord Alliance of Manchester, CBE
28 April, 2009

Chief Executives Review

Summary

This year has seen another encouraging performance from the company despite increasingly tough market conditions. For the 52 weeks to 28 February 2009, on a like-for-like basis excluding last year's 53rd week, revenue was £662.5m, up by 10.7% on the previous year, whilst operating profit rose 6.2% to £95.5m. Adjusted pre-tax profit, excluding the £9.6m unrealised gain on forward foreign exchange contracts (2008, £1.8m), rose by 11.3% to £82.7m.

	2008/9 £m	% Change from 2007/8	% Like for like increase
Revenue	662.5	8.4	10.7
Operating Profit	95.5	4.0	6.2
Adjusted Pre-tax Profit	82.7	8.5	11.3
Unrealised Gain	9.6	433.3	433.3
Pre-tax profit	92.3	18.3	21.3

The rise in sales across all of the group's core product and customer categories reflected the focus on our core strengths – targeting niche customer groups and delivering relevant products with an emphasis on the correct size and fit. This was achieved whilst also attaining record levels of customer satisfaction.

Sales growth has come from both our established and newer brands and the continued investment in e-commerce has seen a further increase in online sales. Additionally we commenced trials to sell internationally, notably launching our Simply Be brand in Germany.

The reduction in the operating margin from 15.0% to 14.4% reflects an increased charge for bad debts, including a more conservative approach in our year end provisions, anticipating a deterioration in economic conditions. The offer of credit remains a fundamental, and successful, part of our business strategy.

2009 will no doubt be a challenging year as the economic conditions are uncertain. However we believe that our business model is flexible enough to adapt to the prevailing circumstances.

Customer Groups

Our customers are recruited across an array of over 20 brands, each of which has its own target customer profile and product offer. We group them into three age bands for simplicity:

- Younger – targeting customers aged 30 - 45 years
- Mid-life – targeting customers aged 45-65 years
- Older – targeting customers aged over 65 years

Continuing the trend that has occurred over recent years, our youngest customer group has once again seen the fastest growth, with sales up 21% to £200m. Simply Be has continued to perform exceptionally well with sales growth of 23% and is now our largest title in this category, demonstrating the attraction that our size 14 to 32 offer has to the fashion conscious female in her thirties. Simply Yours benefited from the combination of an increased recruitment activity and the popularity of its fashionable lingerie ranges, posting a robust increase in sales over the period. Fashion World grew revenues by 10% by promoting its value offer to the price-conscious customer in her forties. We also saw strong growth from our menswear title, Jacamo, which was launched in August 2007. Jacamo's success is attributed to the fashionable branded offer in large sizes that are not readily available on the high street, and a customer base confident and happy to shop from home, particularly online.

The mid-life group is our largest category, with sales of £406m which grew by 7% during the year. Although the majority of sales continue to be generated from our established brands, including JD Williams, Ambrose Wilson, Fifty Plus and Oxendales titles, it is encouraging that another of our newer brands, Marisota, is showing real strength. Launched in the autumn 2007 season, it has quadrupled its sales by targeting middle aged women with contemporary clothing in a wide range of sizes, lengths and fittings. Premier Man achieved a 16% increase in sales, in line with our strategic aim to improve our market share in menswear.

Our oldest customer group saw an increase in sales of 6% this year to £56m, fuelled by Nightingales, a brand and customer file which we acquired out of administration last year.

Across all our titles, we have seen sales growth from both established customers and new customers recruited during the year. Our established database has grown by 4%, and the average spend for these customers increased by 7%. Due to the economic conditions, we took a more cautious view on recruitment in the second half but new customer sales for the year still rose by 8%.

Product Categories

A key strength in our business is the offer of an extensive range of products, with multiple options around size, colour, length and fit which cannot easily be accommodated in a high street store, but which we can service through our two centralised warehouses.

Category	Revenue £m	% of Total	% Like-for-Like Increase
Ladieswear	352	53	+7
Footwear	67	10	+8
Menswear	57	9	+27
Home and Leisure	186	28	+16
Total	662	100	+11

Sales in our ladieswear division increased by 7% this year to £352m and account for 53% of the total. We offer an extensive choice of clothing in sizes 12 to 38 with an increasing proportion with multiple length options. The growth in our younger titles has increased demand for our designer and branded ranges. We continue to work with designers such as Caryn Franklin and Anna Scholz to produce ranges tailored to the needs of our customers, and in 2008 launched a new range in conjunction with Jeffrey Rogers, branded Jeffrey and Paula. In addition we work with a number of brands with exclusivity in larger sizes such as Joe Browns, Ben Sherman and Lonsdale.

This year we collaborated with fashion celebrity Gok Wan, who designed an exclusive range of shapewear for our Simply Yours lingerie catalogue which achieved high exposure in the national press and magazines. Our partnership with Gok complements our focus on providing fashionable lingerie for women, in an extensive range with bra sizes from 32A up to 56L. Figures from TNS Worldpanel show we are the UK's number one online retailer of corsetry and lingerie.

Menswear has seen strong growth with sales up 27% to 57m, driven by the success of both our younger and midlife titles, Jacamo and Premier Man. Although the target markets are different in age the success in both brands has come from offering more fashionable merchandise in larger sizes, exclusive to us. Menswear now accounts for 9% of our total sales, and it remains a key area of focus within our plans to drive future growth.

Our specialist knowledge in footwear continues to benefit our customers with our wider fitting shoes and multi fit range, utilising our own bespoke lasts, emphasising our commitment to providing the perfect fit. Footwear sales increased 8% including strong sales growth from Viva La Diva, our online branded offer that targets the younger fashion-conscious customer.

Home and leisure sales grew 16% and now account for 28% of total sales. In the year we launched the Brilliant Gifts website and catalogue, which saw strong sales throughout the year as well as during the Christmas period. Sales of electrical products continued to do well, with our customers being late adopters for computers, flat screen televisions and satellite navigation for cars.

We actively encourage our customers to shop across the various ranges we offer, and a key measure is the proportion that purchase items from each of our ladies clothes, underwear and footwear ranges. This has increased to 15% and these customers are proven to not only spend more, but also show higher loyalty and repeat orders.

Gross Margin and Credit

The group gross margin is a complex amalgam of the different rates of gross margins in product groups, customer groups, financial income and bad debts, which in total reduced from 55.3% to 53.2%. The growth in clothing sales to both women and men was beneficial to the gross margin rate, but this was offset by the increase in sales of branded merchandise and home and leisure products which have a higher average item value but a lower margin rate.

The faster growth rate for the younger customers was beneficial for financial income but has contributed to a higher charge for bad debts, which increased from 5.6% to 7.9% of total revenues. There are two other

contributory factors to this increase. The third party debt collection market has toughened considerably as a result of the economic downturn, reducing both the yield we achieve and moving from up-front payment to payment as collected. This has resulted in a net increase to the bad debt provision for both past and future collections. In addition we recognise the historical rates of default may not reflect the dramatic downturn in economic conditions and we have pre-empted this trend by taking a more conservative approach to the bad debt provisions, which at the year end totalled £41.1m, (2008, £29.1m). However we assess customer and product contribution at the operating profit level and we are satisfied that our credit acceptance criteria continues to strike the right balance between risk and reward.

We have also taken a number of other actions as a precaution against future customer defaults. Minimum payments have been increased for newer customers and we have restricted credit availability for certain customer and product combinations where we have identified an unacceptable level of risk. We have an experienced team managing our credit business and remain confident in our ability to manage it through this economic cycle.

E-Commerce

E-commerce offers significant opportunities, as customers increasingly become accustomed to using the internet as an ordering channel. A key benefit we gain is that average order values online are over 25% higher than for orders through other channels, driven by wider ranges available on our websites and the ease of searching and browsing the entire offering. In addition, costs to serve customers online are lower than by telephone, and we see a higher level of repeat orders. During the year we have continued to invest significantly in our websites' presentation and functionality, contributing to an increase in online sales of 38% to £225m, now accounting for 34% of our total sales compared with 28% a year ago. This varies by title, and we see our highest uptake on our younger titles, although strong growth is coming from all age groups.

Our websites now offer new features and regular updates that encourage our customers to shop on them for longer and more frequently. Style tips, catwalk videos, online exclusives, fully guided navigation and innovative email marketing campaigns are just some of the measures that have been implemented.

Our increasing penetration online is reflected in our market positioning in the key product categories as shown below:

Category	Online Ranking
Women's Clothes	#2
Women's Underwear	#1
Women's Footwear	#3
Menswear	#5

Source: TNS Worldpanel

Service

In the year we achieved our highest ever customer satisfaction levels, as measured by bi-annual service questionnaires that are circulated to customers. This reiterates our commitment to reaching and sustaining the excellent standards that our customers expect from the company.

The switch of parcel delivery from Hermes to Parcelnet was successfully accomplished this year and has led to faster delivery times. We now have an online order-tracking system which enables customers to check the progress of their order, reducing the number of enquiries by telephone.

During the year, we achieved an increase in average item value of 6% and, together with the higher average order values online, this has enabled better collation within our delivery packages, contributing to distribution costs reducing in total by 1%.

Moving forward we will continue to invest in improving the service we offer our customers, as well as ensuring we have capacity in place to manage the ongoing business growth.

International

We have traded successfully in Ireland for many years and in February 2009 we made our first steps into mainland Europe, notably with the launch of Simply Be in Germany. This comprises a German language catalogue and transactional website. Marketing activity to recruit customers has commenced and we will monitor the results over the coming months. The decision to choose Germany was due to the large potential customer base with similar

physical dimensions to our UK customers and to its established home shopping infrastructure for contact centres and distribution. We will not be offering extended credit in this trial.

Additionally, we are trialling a version of our UK Simply Be website, but priced in euros, to a few European countries and plans are in place to extend this further. This is a very low-key trial at present with minimal marketing expenditure.

We see expanding internationally as a significant potential opportunity. We have invested £1m in start up costs for this venture and anticipate a trading loss in 2009/10 of a similar amount.

People

In 2008 we carried out an all employee satisfaction survey, with high response rates and positive results throughout the business. We are determined to maintain our strong corporate culture of focussing on results, embracing diversity and developing internal talent.

In recognition of our commitment to Health and Safety we were awarded by The Royal Society for the Prevention of Accidents, a 'Gold Award' in recognition of 'Excellence in Safety Performance and Safety Management'.

Outlook and Current Trading

The continual development of our core business, the ongoing growth of e-commerce and the launch of our international trials have given us a strong platform to take into what is predicted to be a difficult year ahead. The low fixed costs in our business mean we have a flexible business model which can be adjusted readily to reflect market conditions. Our focus on niche customer and product groups results in a high degree of customer loyalty and our customer profile with an average age of 56 has traditionally been more stable in economic downturns.

We are encouraged that our sales for the 8 weeks to 25 April 2009 on a like-for-like basis are up by 6.1%, with a similar distribution amongst customer and product groups to last year. The gross margin rate is 1.2% lower than in this period last year, although we anticipate an improving trend in the second half of the year. The outlook is uncertain and we have been cautious in our budgeting preferring to wait until customer spending and payment patterns become more settled. A further challenge is the impact of sterling devaluation against other major currencies. This will inevitably lead to some pricing pressure in the autumn although we have hedged 85% of our direct dollar requirements for the next 12 months at an average rate of \$1.80 to £1. However, purchases through import agents and branded manufacturers are more exposed to currency fluctuations, although we have been working hard throughout the supply chain to minimise the impact, with a reasonable degree of success. We are confident we will continue to offer our customers products at competitive prices.

The development of our e-commerce platforms will continue in the year with further improvements to site functionality, including better display of product details and images to encourage higher order rates and retention, and also for account management, which will help customers resolve their queries online and reduce calls to our contact centres. We are constantly refining our visibility to search engines and experimenting with social media as part of our marketing activities.

The internet will increasingly become the dominant channel of choice from which our customers will order, but catalogues will remain a fundamental part of our model. However they will be progressively used to drive customers online, where a more extensive range of merchandise will be available, which will change frequently and increasingly have video content to demonstrate the features.

In light of the prevailing economic conditions we will manage overheads and cashflow extremely tightly whilst continuing to invest in the key strategic areas of e-commerce and the international trials. Our borrowing facilities of £320m are in place until 2012 at advantageous margins compared with prevailing rates and we plan to maintain our headroom around the present levels. This will, to a large degree, be dependent on reducing the growth in debtors which we would expect with the actions we have taken. The current rates of LIBOR will reduce our interest payable significantly which provides a natural hedge against any increase in defaults from our debtors.

2009 will be a challenging year but we have got off to a good start and the strength of our customer base, the ongoing growth from new titles and product ranges, and the opportunities afforded by e-commerce give us confidence that the business will continue to make progress.

Alan White
28 April 2009

Unaudited consolidated income statement

	Note	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Revenue - continuing operations	2	662.5	610.9
Operating profit - continuing operations	2	95.5	91.8
Investment income		4.1	4.2
Finance costs		(16.9)	(19.8)
Fair value adjustments to financial instruments		9.6	1.8
Profit before taxation		92.3	78.0
Taxation		(30.2)	(22.2)
Profit for the year from continuing operations		62.1	55.8
Profit for the year from discontinued operations	3	-	1.1
Profit attributable to equity holders of the parent		62.1	56.9
Adjusted earnings per share from continuing operations	5		
Basic		21.96 p	19.75 p
Diluted		21.90 p	19.67 p
Earnings per share from continuing operations	5		
Basic		22.88 p	20.75 p
Diluted		22.82 p	20.67 p
Earnings per share from continuing and discontinued operations	5		
Basic		22.88 p	21.16 p
Diluted		22.82 p	21.08 p

Unaudited consolidated statement of recognised income and expense

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Exchange differences on translation of foreign operations	1.7	0.8
Actuarial (losses)/gains on defined benefit pension schemes	(1.7)	7.9
Tax on items recognised directly in equity	0.2	(1.0)
Net income recognised directly in equity	0.2	7.7
 Profit for the year	 62.1	 56.9
 Recognised income for the year attributable to equity holders of the parent	 62.3	 64.6

Unaudited consolidated balance sheet

	28-Feb-09 £m	01-Mar-08 £m
Non-current assets		
Intangible assets	32.8	30.9
Property, plant & equipment	75.0	70.5
Deferred tax assets	4.7	7.1
	<u>112.5</u>	<u>108.5</u>
Current assets		
Inventories	69.8	68.1
Trade and other receivables	458.8	406.2
Derivative financial instruments	9.7	0.1
Cash and cash equivalents	51.7	50.8
	<u>590.0</u>	<u>525.2</u>
Total assets	<u>702.5</u>	<u>633.7</u>
Current liabilities		
Bank overdrafts	-	(0.2)
Trade and other payables	(106.1)	(103.6)
Current tax liability	(13.8)	(13.2)
	<u>(119.9)</u>	<u>(117.0)</u>
Net current assets	<u>470.1</u>	<u>408.2</u>
Non-current liabilities		
Bank loans	(270.0)	(250.0)
Retirement benefit obligation	(4.0)	(5.8)
Deferred tax liabilities	(20.3)	(12.4)
	<u>(294.3)</u>	<u>(268.2)</u>
Total liabilities	<u>(414.2)</u>	<u>(385.2)</u>
Net assets	<u>288.3</u>	<u>248.5</u>
Equity		
Share capital	30.3	30.0
Share premium account	11.0	11.0
Own shares	(0.2)	(0.1)
Foreign currency translation reserve	2.9	1.2
Retained earnings	244.3	206.4
Total equity	<u>288.3</u>	<u>248.5</u>

Unaudited consolidated cash flow statement

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Net cash from operating activities	38.7	31.7
Investing activities		
Purchases of property, plant and equipment	(12.9)	(8.8)
Purchases of intangible assets	(8.3)	(6.7)
Disposal of subsidiary	-	3.3
Interest received	1.0	1.5
Net cash used in investing activities	(20.2)	(10.7)
Financing activities		
Interest paid	(13.1)	(16.2)
Dividends paid	(24.9)	(101.4)
Increase in bank loans	20.0	106.2
Decrease in bank overdrafts	(0.2)	-
Proceeds on issue of share capital	-	0.7
Proceeds on issue of shares held by ESOT	0.6	0.5
Net cash used in financing activities	(17.6)	(10.2)
Net increase in cash and cash equivalents	0.9	10.8
Opening cash and cash equivalents	50.8	40.0
Cash and cash equivalents at end of year	51.7	50.8

Reconciliation of operating profit to net cash from operating activities

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Operating profit from continuing operations	95.5	91.8
Operating profit from discontinued operations	-	0.4
Adjustments for:		
Depreciation of property, plant and equipment	5.8	5.7
Amortisation of intangible assets	6.4	6.7
Share option charge	1.8	1.7
Operating cashflows before movements in working capital	109.5	106.3
Increase in inventories	(1.7)	(13.2)
Increase in trade and other receivables	(51.1)	(50.8)
Increase in trade and other payables	5.0	23.0
Pension obligation adjustment	(3.9)	(14.5)
Cash generated from operations	57.8	50.8
Taxation paid	(19.1)	(19.1)
Net cash from operating activities	38.7	31.7

Notes to the unaudited consolidated financial statements

1. Basis of preparation

The group's financial statements for the 52 weeks ended 28 February 2009 will be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS this announcement does not itself contain sufficient information to comply with IFRS. The company expects to publish full financial statements that comply with IFRS by 29 May 2009.

2. Segmental analysis

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Analysis of revenue		
<i>Continuing operations</i>		
Home shopping	<u>662.5</u>	<u>610.9</u>
Analysis of operating profit		
<i>Continuing operations</i>		
Home shopping	<u>95.5</u>	<u>91.8</u>

3. Discontinued operations

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
<i>Revenue</i>		
Fulfilment	<u>-</u>	<u>8.7</u>
<i>Operating profit</i>		
Fulfilment	-	0.4
Profit on disposal of discontinued operations	-	0.8
Attributable tax charge	-	(0.1)
Net profit attributable to discontinued operations	<u>-</u>	<u>1.1</u>

Notes to the unaudited consolidated financial statements

4. Disposal of subsidiary

On 14 December 2007 the group sold the entire share capital of Zendor.com Limited, its third party fulfilment operation, for a net consideration of £1.7m.

The net assets of Zendor.com Ltd at the date of disposal were as follows:

	£m
Plant and equipment	1.5
Trade and other receivables	4.6
Cash and cash equivalents	0.3
Trade and other payables	(3.5)
Loan from parent company	(1.9)
Current tax liability	(0.1)
Net assets	0.9
Profit on disposal	0.8
Total consideration	1.7
Satisfied by:	
Cash	2.3
Directly attributable costs	(0.6)
	1.7
Net cash inflow arising on disposal	
Cash consideration and loan repayment to parent company	3.6
Cash and cash equivalents disposed of	(0.3)
Net cash inflow	3.3

Notes to the unaudited consolidated financial statements

5. Earnings per share

	52 weeks to 28-Feb-09 £m		53 weeks to 01-Mar-08 £m
Earnings			
Net profit attributable to equity holders of the parent for the purpose of basic and diluted earnings per share	62.1		56.9
Adjustments to exclude profit for the year from discontinued operations	-		(1.1)
Net profit attributable to equity holders of the parent for the purpose of basic and diluted earnings per share from continuing operations	62.1		55.8
Impact of 53rd week (net of tax)	-		(1.4)
Impact of exceptional tax charge in respect of the phasing out of industrial building allowances	4.4		-
Fair value adjustments to financial instruments (net of tax)	(6.9)		(1.3)
Adjusted earnings from continuing operations	59.6		53.1
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	271,413,000		268,869,000
Dilutive share options	728,000		1,079,000
Weighted average number of shares for the purposes of diluted earnings per share	272,141,000		269,948,000
Adjusted earnings per share from continuing operations - Basic	21.96	p	19.75
Adjusted earnings per share from continuing operations - Diluted	21.90	p	19.67
Earnings per share from continuing operations - Basic	22.88	p	20.75
Earnings per share from continuing operations - Diluted	22.82	p	20.67
Earnings per share from continuing and discontinued operations - Basic	22.88	p	21.16
Earnings per share from continuing and discontinued operations - Diluted	22.82	p	21.08

Adjusted earnings per share from continuing operations excludes the benefit of the 53rd week (net of tax) in the prior year, the exceptional tax charge in respect of the phasing out of industrial building allowances and the impact of fair value adjustments to financial instruments (net of tax).

Notes to the unaudited consolidated financial statements

6. Going concern

In determining whether the group's accounts can be prepared on a going concern basis, the directors considered the group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. These are set out in the Chairman's Statement and Chief Executive's Review.

The group has considered carefully its cash flows and banking covenants for the next twelve months from the date of signing the audited financial statements. These have been appraised in light of the uncertainty in the current economic climate. As such, conservative assumptions for working capital performance have been used to determine the level of financial resources available to the company and to assess liquidity risk. The key risk identified by the directors for these assumptions is the impact that a further deterioration in the economic climate will have on the performance of the group's debtor book.

The group's forecasts and projections, after sensitivity to take account of all reasonably foreseeable changes in trading performance, show that the group will have sufficient headroom within its current facilities of £320m. As the group's borrowing facilities are committed until 2012 there are no current plans to open renewal negotiations in the next twelve months.

After making appropriate enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the annual report and accounts.

7. Reconciliation of equity

	52 weeks to 28-Feb-09 £m	53 weeks to 01-Mar-08 £m
Total recognised income for the period	62.3	64.6
Ordinary dividends paid	(24.9)	(21.5)
Issue of ordinary share capital	0.3	1.1
Purchase of own shares by ESOT	(0.3)	(0.4)
Issue of own shares by ESOT	0.6	0.5
Share option charge	1.8	1.7
Total movement during the year	39.8	46.0
Equity at the beginning of the year	248.5	202.5
Equity at the end of the year	288.3	248.5

Notes to the unaudited consolidated financial statements

8. Dividends

The final recommended dividend is proposed to be paid on 24 July 2009 to shareholders on the register at the close of business on 26 June 2009.

9. Non-statutory financial statements

The financial information set out in the announcement does not constitute the company's statutory accounts for the 52 weeks ended 28 February 2009 or the 53 weeks ended 1 March 2008. The financial information for the 53 weeks ended 1 March 2008 is derived from the statutory accounts for that year which have been delivered to the Register of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The audit of the statutory accounts for the 52 weeks ended 28 February 2009 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

This report was approved by the Board of Directors on 28 April 2009.