

GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 26 February 2005

		Continuing activities before operating exceptional items £m	Operating exceptional items (note 4) £m	Unaudited Total 52 weeks to 26-Feb-05 £m	Continuing activities before goodwill amortisation & operating exceptional items £m	Goodwill Amortisation & operating exceptional items (note 4) £m	Audited Total 52 weeks to 28-Feb-04 £m
	Note						
Turnover	1	460.3	-	460.3	470.5	-	470.5
Operating profit before goodwill amortisation	2	54.4	(25.5)	28.9	54.2	(7.8)	46.4
Goodwill amortisation		-	-	-	-	(10.3)	(10.3)
Operating profit	3	54.4	(25.5)	28.9	54.2	(18.1)	36.1
Share of joint venture operating loss		(1.9)	-	(1.9)	-	-	-
Profit/(loss) on sale of tangible fixed assets		(0.3)	-	(0.3)	1.0	-	1.0
Profit on ordinary activities before finance charges		52.2	(25.5)	26.7	55.2	(18.1)	37.1
Net interest payable and similar charges		(8.1)	-	(8.1)	(6.1)	-	(6.1)
Profit on ordinary activities before taxation		44.1	(25.5)	18.6	49.1	(18.1)	31.0
Taxation on profit on ordinary activities		(11.0)	7.7	(3.3)	(13.8)	1.2	(12.6)
Profit on ordinary activities after taxation		33.1	(17.8)	15.3	35.3	(16.9)	18.4
Equity minority interests		-	-	-	-	(0.5)	(0.5)
Profit for the financial year		33.1	(17.8)	15.3	35.3	(17.4)	17.9
Dividends	6	(17.2)	-	(17.2)	(17.1)	-	(17.1)
Retained profit/(loss) for the year		15.9	(17.8)	(1.9)	18.2	(17.4)	0.8
Underlying earnings per share	7			11.25p			12.02p
Goodwill amortisation & operating exceptional items				(6.07)p			(5.91)p
Basic earnings per share				5.18p			6.11p
Diluted earnings per share	7			5.17p			6.08p
Dividends per share	6			5.84p			5.84p

GROUP BALANCE SHEET**as at 26 February 2005**

	Unaudited 2005 £m	Audited 2004 £m (restated note 8)
Fixed assets		
Intangible assets	1.5	-
Tangible assets	78.8	83.0
Investments	0.1	-
	80.4	83.0
Current assets		
Stocks	44.8	46.4
Debtors	332.6	354.1
Cash at bank and in hand	44.5	26.8
	421.9	427.3
Creditors		
Amounts falling due within one year	(84.2)	(90.4)
Net current assets	337.7	336.9
Total assets less current liabilities	418.1	419.9
Creditors		
Amounts falling due after more than one year	(170.0)	(170.6)
Provisions for liabilities and charges	(4.8)	(5.0)
Net assets	243.3	244.3
Capital and reserves		
Called-up share capital	29.5	29.5
Share premium account	9.2	9.1
Own shares	(1.5)	(2.3)
Profit and loss account	206.1	208.0
Equity shareholders' funds	243.3	244.3
Equity minority interests	-	-
Capital employed	243.3	244.3
Gearing	52%	60%

GROUP CASH FLOW STATEMENT
for the 52 weeks ended 26 February 2005

		Unaudited	Audited
	2005	2005	2004
Note	£m	£m	£m
Net cash inflow from operating activities	5	66.5	29.4
Returns on investments and servicing of finance			
Interest paid	(8.3)	(6.3)	
Interest element of finance lease payments	<u>(0.1)</u>	<u>(0.1)</u>	
Net cash outflow from returns on investments and servicing of finance		(8.4)	(6.4)
Taxation			
Corporation tax paid		(14.5)	(12.8)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(9.4)	(25.4)	
Loans advanced to Joint Venture	(2.0)	-	
Sale of fixed asset investment	-	0.8	
Sale of tangible fixed assets	4.9	0.6	
Decrease in own shares held in trust	<u>0.8</u>	<u>0.7</u>	
Net cash outflow from capital expenditure and financial investment		(5.7)	(23.3)
Acquisitions and disposals			
Purchase of subsidiary undertakings	-	(0.3)	
Purchase of trade and assets	<u>(1.5)</u>	<u>-</u>	
Net cash outflow from acquisitions and disposals		(1.5)	(0.3)
Equity dividends paid		(17.1)	(17.1)
Cash inflow/(outflow) before financing		19.3	(30.5)
Financing			
Issue of ordinary share capital	0.1	0.4	
New loans	-	34.0	
Loan repayments	-	(0.5)	
Capital element of finance leases	<u>(0.6)</u>	<u>(0.5)</u>	
Net cash (outflow)/inflow from financing		<u>(0.5)</u>	<u>33.4</u>
Increase in cash in the year		<u>18.8</u>	<u>2.9</u>

**GROUP CASH FLOW STATEMENT, contd.
for the 52 weeks ended 26 February 2005**

	Unaudited 2005 £m	Audited 2004 £m
	<u> </u>	<u> </u>
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	18.8	2.9
Cash inflow from increase in loans	-	(34.0)
Repayment of loans	-	0.5
Repayment of capital element of finance leases	<u>0.6</u>	<u>0.5</u>
Movement in net debt in the year	19.4	(30.1)
Net debt at 28 February 2004	<u>(145.6)</u>	<u>(115.5)</u>
Net debt at 26 February 2005	<u>(126.2)</u>	<u>(145.6)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 weeks ended 26 February 2005

	Unaudited 2005 £m	Audited 2004 £m
Profit for the financial year	15.3	17.9
Exchange adjustments offset in reserves	0.2	(0.1)
Total recognised gains relating to the year	15.5	17.8

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for the 52 weeks ended 26 February 2005

	Unaudited 2005 £m	Audited 2004 £m (restated note 8)
Profit for the financial year	15.3	17.9
Dividends	(17.2)	(17.1)
	(1.9)	0.8
Other recognised gains and losses (net) relating to the year	0.2	(0.1)
Share option charge	0.6	0.2
Issue of ordinary share capital	0.1	0.4
Net (reduction in)/additions to shareholders' funds	(1.0)	1.3
Equity shareholders' funds at 28 February 2004 (originally £246.6m before deducting prior period adjustment of £2.3m)	244.3	243.0
Equity shareholders' funds at 26 February 2005	243.3	244.3

NOTES TO THE ACCOUNTS
for the 52 weeks ended 26 February 2005

	Unaudited	Audited
	2005	2004
1. Analysis of turnover	£m	£m
Home shopping	416.5	412.6
Door to door selling	24.0	33.1
TV Rental	5.7	7.2
Financial services	6.7	8.7
Fulfilment	7.4	8.9
	460.3	470.5

	Unaudited	Audited
	2005	2004
2. Analysis of operating profit before goodwill amortisation and operating exceptional items	£m	£m
Home shopping	59.2	51.8
Door to door selling	(6.3)	(2.0)
TV Rental	-	1.2
Financial services	1.2	2.4
Fulfilment	0.3	0.8
	54.4	54.2

	Unaudited	Audited
	2005	2004
3. Analysis of operating profit	£m	£m
Home shopping	59.2	52.2
Door to door selling	(28.8)	(2.0)
TV Rental	-	(8.4)
Financial services	(1.8)	2.4
Fulfilment	0.3	(8.1)
	28.9	36.1

	Unaudited	Audited
	2005	2004
4. Analysis of goodwill amortisation and operating exceptional items	£m	£m
Amortisation of goodwill	-	0.6
Impairment of carrying value of tangible fixed assets	-	7.8
Impairment of carrying value of financial services	3.0	-
Impairment of carrying value of door to door selling operation	22.5	-
Write-off of carrying value of goodwill	-	9.7
	25.5	18.1

NOTES TO THE ACCOUNTS (continued)
for the 52 weeks ended 26 February 2005

	Unaudited	Audited
5. Reconciliation of operating profit to operating cash flows	2005	2004
	£m	£m
Operating profit	28.9	36.1
Decrease/(increase) in stocks	1.6	(4.7)
Decrease/(increase) in debtors	17.6	(23.2)
Increase/(decrease) in creditors	7.5	(9.6)
Depreciation	10.9	12.6
Amortisation of goodwill and other intangible fixed assets	-	0.7
Impairment of goodwill and tangible fixed assets	-	17.5
Net cash inflow from operating activities	66.5	29.4

6. An interim dividend of 1.74p per ordinary share was paid on 7 January 2005 to shareholders on the register at the close of business on 10 December 2004. A final dividend of 4.10p per ordinary share is proposed to be paid on 27 July 2005 to shareholders on the register at the close of business on 1 July 2005.

7. The calculation of earnings per share is based on the profit for the financial year of £15.3m (2004, £18.4m) and the weighted average number of shares in issue during the year of 294.0m (2004, 293.0m). To assist comparison, an underlying earnings per share has also been calculated to exclude the impact of goodwill amortisation and operating exceptional items and is based on a profit for the financial year of £33.1m (2004, £35.3m). For diluted earnings per share, the weighted average number of shares of 294.7m (2004, 294.1m) has been calculated after adjusting for the potential dilution of outstanding share options.

8. The financial information set out above does not constitute the group's statutory financial statements for the 52 weeks ended 26 February 2005 or the 52 weeks ended 28 February 2004. The financial information for the 52 weeks ended 28 February 2004 is derived from the statutory financial statements for that year which have been delivered to the Registrar of Companies. The auditors have reported on the financial statements for the 52 weeks ended 28 February 2004; their report was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

The accounts for the 52 weeks to 28 February 2004 have been restated following the implementation of UITF Abstract 38 - Accounting for ESOP Trusts. The effect of this change is that shares held within Employee Share Option Schemes are no longer classified in the balance sheet as a fixed asset investment but as a deduction from shareholders' funds. This change has no impact on the profit and loss account. All other accounting policies adopted are consistent with those set out in the Annual Report and Accounts for the 52 weeks ended 28 February 2004.

The auditors have not reported on financial statements for the 52 weeks ended 26 February 2005, nor have any such financial statements been delivered to the Registrar of Companies.

This report was approved by the Board of Directors on 10 May 2005.

It is expected that the full Annual Report and Accounts for the 52 weeks ended 26 February 2005 will be posted to shareholders on 3 June 2005.