DIXONS RETAIL

BRINGING LIFE TO TECHNOLOGY

Interim Statement 2010/11

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Dixons Retail plc, Europe's leading specialist electrical retail and services company

Highlights

FINANCIAL

- Total and Underlying Group sales flat at £3.35 billion (2009/10 £3.33 billion).[(1), (2)]
- Group like for like sales[(3)] up 1%.
- Underlying Group gross margins up 0.3%.
- Underlying EBIT[(8)] increased to £8.2 million (2009/10 £5.6 million):
  - Good progress in UK & Ireland, up £5.3 million, and in the Nordics, up £5.9 million;
  - Continued improvements in Italy;
  - Growing market share in Greece despite a challenging environment.
- Underlying pre-tax loss significantly reduced to £7.9 million (2009/10 loss of £17.6 million).
- Total loss before tax after deducting non-underlying charges of £3.5 million was £11.4 million (2009/10 loss of £23.1 million).
- Underlying diluted loss per share 0.1 pence (2009/10[(9)] loss per share of 0.1 pence). Basic loss per share for continuing operations 0.1 pence (2009/10[(9)] loss per share of 0.3 pence).
- Net debt in line with that of 2009/10 full year at £215.1 million, despite increased capital expenditure.
- Rephased debt profile following issue of new 2015 Bonds and part repurchase of existing 2012 Bonds.

OPERATIONAL

- The Renewal and Transformation plan continues to improve the offer for customers.
- Growing market shares across most markets, particularly in the UK and Nordics.
- Store transformation programme on track:
  - 62 Megastores now operating across the Group;
  - 250 stores transformed in the UK, including 25 Megastores;
  - 51 stores transformed in the Nordics, with 19 Megastores now open;
  - New formats continue to deliver average gross profit uplifts of 20% versus the unreformatted stores;
  - Second year trading of reformatted stores in the UK delivering further gross profit uplifts of c.6% versus the unreformatted stores.
- The Group's market leading end-to-end services for customers will be relaunched as 'KNOWHOW' in Spring 2011.
- Phones 4u shop in shops progressing well with 51 opened in time for Christmas Peak.
- Total Internet sales represent 16% of total Group sales, with multi-channel internet sales growing by 28%.
- Turnaround plans in Italy ahead of schedule with positive like for like sales, margin improvements and losses significantly reduced.
- £50 million cost reduction plans on track as part of the three year £150 million cost reduction programme.
- On track for medium term target of a 3% - 4% EBIT return on sales.

FINANCIAL SUMMARY

Underlying sales and profit analysis

	Note	Underlying sales				Underlying profit / (loss)	
		24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	Total sales % change	Like for like % change	**24 weeks ended 16 October 2010 £million**	24 weeks ended 17 October 2009 £million
UK & Ireland	*4*	1,616.0	1,625.7	(1)%	+2%	**(10.7)**	(16.0)
Nordics	*5*	860.4	797.8	+8%	+1%	**45.0**	39.1
Other International	*6*	563.5	586.0	(4)%	(4)%	**(12.2)**	(7.7)
e-commerce	*7*	310.1	324.4	(4)%	Flat	**(0.8)**	2.7
Central Costs		-	-			**(7.4)**	(8.1)
Total Group Retail		**3,350.0**	3,333.9	Flat	+1%	**13.9**	10.0
Property losses						**(5.7)**	(4.4)
Underlying Group EBIT	*8*					**8.2**	5.6
Underlying net finance charges						**(16.1)**	(23.2)
Group underlying loss before tax						**(7.9)**	(17.6)

Notes

(1) Underlying Group sales exclude sales from closed businesses and discontinued operations. Closed businesses comprise the operations of PC City in Sweden and Markantalo in Finland. Discontinued operations comprise Poland and Hungary.

(2) Throughout this statement, references are made to 'underlying' performance measures. Underlying results are defined as excluding trading results from closed businesses, the amortisation of acquired intangibles, net restructuring and business impairment charges and other one-off non-recurring items, profit on sale of investments, net fair value remeasurements of financial instruments and, where applicable, discontinued operations. These excluded items are described as 'non-underlying'. The financial effect of these items is shown in the analyses on the face of the income statement and in note 3 to the financial information.

(3) Like for like sales are calculated based on stores that have been open for a full financial year both at the beginning and end of the financial period and are calculated using constant exchange rates. Customer support agreement sales are excluded from all UK like for like calculations. Operations that are subject to closure have sales excluded as of the announcement date. Stores subject to a refurbishment are excluded during the period of refurbishment.

(4) UK & Ireland comprises Currys, CurrysDigital, Dixons Travel, PC World, operations in Ireland, DSGi Business and The TechGuys. Like for like sales exclude DSGi Business and The TechGuys.

(5) Nordics comprises the Elkjøp group and Dixons Travel Denmark.

(6) Other International comprises Greece (Kotsovolos), Italy (UniEuro, PC City store in store and Dixons Travel Italy), Spain (PC City Spain), Czech Republic (ElectroWorld), Slovakia (ElectroWorld) and Turkey (ElectroWorld).

(7) e-commerce division comprises Dixons.co.uk and PIXmania.

(8) Underlying Earnings Before Interest and Tax (EBIT), equates to Underlying Operating Profit.

(9) The weighted average number of shares used in the calculation of earnings per share for the period prior to the rights issue, which completed on 9 June 2009, has been multiplied by an adjustment factor to reflect the bonus element of the shares issued under the terms of the rights issue (as described in note 6 to the financial information). The adjustment factor used was 1.2138.

(10) Unless otherwise noted, throughout this statement figures relate to continuing operations, excluding the results of closed businesses. In 2009/10, revenue of £0.9 million was received from closed businesses. In the 24 weeks ended 17 October 2009 and the 52 weeks ended 1 May 2010, total revenue including discontinued operations and closed businesses was £3,345.7 million and £8,543.4 million, respectively.

(11) Certain statements made in this announcement are forward looking. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

Chief Executive's Review

BUSINESS PERFORMANCE

Underlying Group sales were flat at £3,350.0 million (2009/10 £3,333.9 million) and up 1% on a like for like basis, outperforming local markets in general. Underlying Group sales were up 1% at constant exchange rates. Actions under the Group's Renewal and Transformation plan have enabled the Group to improve underlying earnings before interest and tax to £8.2 million (2009/10 £5.6 million). Group gross margins were up 0.3% across the half, driven primarily by improved stock management processes and cost reductions.

UK & IRELAND

Total sales in the UK & Ireland division were down 1% to £1,616.0 million (2009/10 £1,625.7 million) and like for like sales were up 2%. Gross margins improved in line with those of the Group. As a result underlying operating losses were significantly reduced to £10.7 million (2009/10 loss of £16.0 million).

The UK & Ireland division had a strong start to the year as it gained significant market share through the World Cup, particularly in Televisions as well as benefitting from the launch of the Apple iPad. As expected, TV sales reduced following the World Cup and with the consumer remaining cautious, the trading environment remained challenging across the second quarter. However, with improved ranges and value, better in store and after sales service and an increasing number of stores transformed, Currys and PC World continue to trade ahead of the market. Computing sales have held up well despite some substitution into TVs and Apple iPads, with B2B continuing to be weak.

The division has been able to improve gross margins during the period despite the negative product mix as a result of the World Cup TV impact and Apple iPad launch. These improvements have been driven primarily by cost saving initiatives in the distribution and service infrastructure as well as improvements in stock management.

The quieter trading period of the first half has enabled the business to make significant progress on the Renewal and Transformation plan. 250 stores have now been refitted with 25 Megastores now operational across the UK. 57 stores now trade as Currys and PC World 2-in-1 stores giving customers the best of both brands in one convenient location. Ahead of the Peak trading period approximately 60% of revenues in the UK & Ireland will be transacted through new format stores. The changes continue to make significant improvements to the customer shopping trip with better ranges both in store and online, value leadership of prices and promotions combined with the Group's unrivalled end-to-end service offering. The transformed stores are delivering gross profit uplifts of 20% consistently throughout the first year versus the unreformatted stores and, while the number of stores remains small, stores trading for a second year following reformat are experiencing further gross profit uplifts of c.6% versus the unreformatted stores. Management estimate that the transformation programme has continued to benefit like for like performance by approximately 4%.

In August the Group signed an agreement with Phones 4u which will see 51 store in stores operational by Christmas Peak. This agreement enables Currys and PC World to deliver a market leading mobile offering as customers manage and access content across different platforms, particularly with the development and growth of smart phones. The agreement provides for a profit share between Dixons Retail and Phones 4u and is expected to be profitable in the first year. A further 50 store in stores are expected to be opened over the next 12 months.

Online sales have seen significant growth, increasing by 20% in the UK & Ireland. Much of this growth has been driven by Reserve & Collect, which grew by 53% as customers migrate to well known branded retailers who provide the convenience of the internet combined with store collection. Since the end of the first half Currys.co.uk and PCWorld.co.uk have had further enhancements to their websites to improve the shopping trip for customers.

In the UK & Ireland, the Group operates the most comprehensive services infrastructure of any electrical business. This comprises in store services through expertise of sales colleagues and TechGuys clinics, home delivery and installation, after sales help and support on line and via the telephone as well as the UK's largest modern repair facility for televisions and laptops. Over the last 18 months significant improvements have been made to these services including:

- Improved delivery options with next day delivery in 3 hour time slots, free delivery options and even same day delivery in certain Megastores;
- Simplified call centre processes resulting in faster response times;
- Significant reduction in repair times in TVs and laptops (down from 21 days to 7 days on average);
- Increased number of added value services available to our customers, including PC set up, online back up and iPad media streaming;
- Introduction of 'Infinity' – an innovative computer rental scheme enabling a customer to potentially have a computer for life;
- The introduction of 'Club' and 'Premier Club' customer support agreements giving greater choice and levels of service; and
- Free recycling of customers' products.

Dixons Retail is the only specialist electrical retailer that offers this comprehensive range of end-to-end services for customers. The integration and scale of this operation means that it has a significant advantage over competitors who offer none, or only part, of these services. The implementation of lean and Six Sigma principles and a focus on the customer will ensure that the operation of these services will become increasingly cost efficient, enabling the Group to offer customers even better value on products and services and improve margins.

Improvements will continue to be made to the range and quality of services available to customers. In Spring 2011 the Group's services will be re-launched under the new 'KNOWHOW' name to provide customers with a clearly identifiable end-to-end service proposition and to engage with a wider base of service needs.

The second quarter saw the Group start to advertise its new Megastores with the launch of an exciting advertising campaign featuring R2-D2 and C-3PO of Star Wars fame. Whilst it is early days, it appears that this campaign has caught the imagination of our customers and should position the Megastores well ahead of the important Christmas Peak period. In addition, Currys and PC World have started joint advertising as more 2-in-1 stores are available to customers.

Dixons Travel continues to trade strongly, with 23 stores now converted to the new format. The new formats, improved ranges and a focus on portable items and accessories has helped Dixons Travel to improve its profitability. It has also benefitted from the launch of the Apple iPad, both in terms of hardware sales and associated accessories. Dixons Travel now operates in Copenhagen, Dublin and Rome airports with further growth opportunities in other airports across Europe.

While the economic environment remains challenging in Ireland, the business started to benefit from all the actions taken over the last 18 months and saw a return to positive like for like sales with an improving margin performance in the second quarter combined with further market share gains. However, more recent economic news flow in Ireland has dampened consumer confidence. Seven stores have now been refitted and are showing similar gross profit uplifts to those experienced in the UK.

NORDICS

In the Nordic region, Elkjøp saw sales grow by 6% at constant exchange rates, while in sterling, underlying sales grew by 8% to £860.4 million (2009/10 £797.8 million). Like for like sales were up 1%. Underlying operating profits were up 15% to £45.0 million (2009/10 £39.1 million).

Elkjøp has consolidated its market share gains achieved during the prior year and has been recovering margins, enabling it to deliver a significant improvement in profitability. It has performed particularly strongly in Finland and Denmark despite continued weak economic environments in those markets.

Elkjøp now operates 19 Megastores which continue to perform particularly well. It also has 32 reformatted superstores using the same principles employed in the UK. Reformatting the store portfolio is providing additional benefits to the already strong base. The new store formats are delivering gross profit uplifts of some 20% versus the unreformatted stores.

Elkjøp has a highly efficient central operating structure and strong market shares. Its simplified operating model is the preferred model for the Group and has provided many cross business learnings. The Nordic operations refined the Megastore format which enabled these stores to be successfully launched in the UK and elsewhere across Europe. The FIVES customer service model has been based on the colleague training platform used across the Nordics. In addition Elkjøp is benefitting from the expertise in the UK that has been developed around stock control and process efficiencies.

OTHER INTERNATIONAL

This division comprises operations in Italy, Greece, Spain, Turkey, the Czech Republic and Slovakia. Total sales were flat at constant exchange rates and declined by 4% in sterling to £563.5 million (2009/10 £586.0 million), with like for like sales down 4%, largely as a result of the weak economic environment being experienced in Greece. Underlying operating loss was £12.2 million (2009/10 loss of £7.7 million).

Italy

The turnaround plan at Unieuro in Italy continues to make good progress with some encouraging signs in an economic environment that remains challenging. Store refurbishments are progressing well with one Megastore operational in Rome and a second opening in Milan on 25 November. A strong first quarter driven by the World Cup has been followed by a weaker sales environment in the second quarter as we anniversary the first stages of regional digital switchover. Good cost control, improving margins, higher stock turn and availability have enabled losses to be significantly reduced year on year. The business continues to improve ahead of management's expectations and is well placed to deliver improving returns.

Greece

The economic environment in Greece is well documented. Kotsovolos remains the market leader and is able to leverage its leading market position and strong supplier relationships to grow its market shares in the difficult trading environment. During the period it took the Electro World brand exclusively online transferring 4 stores to the Kotsovolos brand bringing the total number of Kotsovolos stores to 101, including franchise stores. This reduces complexity and costs and enables the business to focus its multi-channel operations on the strong Kotsovolos brand. Kotsovolos has also started to transform its stores, all of which are seeing gross profit uplifts relative to the remaining stores similar to that experienced in the UK.

Spain

The economic backdrop in Spain remains challenging and is highly competitive. Having taken the right actions over the last 18 months, PC City continues to drive its appeal to customers and is being rewarded with share gains in computing.

The Czech Republic and Slovakia

Total sales in the Czech Republic and Slovakia continue to make good progress with a positive like for like performance versus negative markets. Three stores in Prague have been refurbished based around the new UK format with encouraging initial results.

Turkey

The Group now operates 16 stores in Turkey, including 7 Megastores, under the Electro World brand with our local joint venture partner. These stores are based on the Group's new large space format, providing a greater product range and exciting retail environments for customers. This business continues to perform in line with expectations.

E-COMMERCE DIVISION

This division comprises PIXmania and Dixons.co.uk. Total sales for the e-commerce division were £310.1 million (2009/10 £324.4 million and flat like for like sales). With further investment in e-merchant, PIXplace and the underlying infrastructure in Dixons.co.uk and PIXmania, underlying operating loss was £0.8 million (2009/10 profit of £2.7 million).

PIXmania continues to trade well in its core euro markets reflecting its unique pan-European operating model which enables it to focus on profitable markets. PIXplace has made good progress expanding its reseller base and product categories. The market leading PIXmania e-merchant platform will provide the base for the Group's e-tail operations.

Dixons.co.uk has been focusing its trading on smaller faster moving product lines, with lower rates of sales on bigger ticket items as customers focus demand for these products through our multi-channel operations. As a result, while unit volumes have grown in line with the market, overall value of sales has reduced. Its website has also been transformed to improve the shopping trip for customers, with better product information, buying guides and addition of next day delivery options.

COSTS AND WORKING CAPITAL

The Group is focused on re-engineering the operational processes in order to reduce costs, improve the service provided to customers, and assist colleagues in operating the business more efficiently. Stock management processes have been improved significantly enabling the business to ensure the right product is in the right place at the right time for customers while controlling costs and working capital utilised in the business.

The Group is on target to reduce costs by approximately £50 million this financial year as part of the 3 year programme to reduce costs by £150 million. With improvements to stock turn and availability together with reductions in aged stock the Group operates on negative paid days stock which will enable it to generate increasing levels of cash as sales grow.

FINANCIAL POSITION

The Group improved underlying earnings before interest and tax by £2.6 million to £8.2 million (2009/10: £5.6 million). The Group underlying loss before tax was £7.9 million (2009/10 loss of £17.6 million). Underlying diluted loss per share was 0.1 pence (2009/10 loss per share of 0.1 pence).

FREE CASH FLOW

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million
Underlying loss before tax	**(7.9)**	(17.6)
Depreciation & amortisation	**58.8**	54.8
Working capital	**98.6**	(106.7)
Taxation	**(18.2)**	(25.6)
Capital expenditure	**(112.7)**	(65.8)
Other items	**5.6**	(9.5)
Free Cash Flow before restructuring items	**24.2**	(62.0)
Net restructuring and impairment	**(12.8)**	(37.8)
Free Cash Flow	**11.4**	(24.2)

Free Cash Flow was £11.4 million (2009/10 Free Cash Flow of £24.2 million). This was an encouraging performance given the increased capital expenditure under the Renewal and Transformation plan, up £46.9 million year on year to £112.7 million. Capital expenditure in the 2010/11 and 2011/12 financial years is expected to be approximately £210 million each year. Thereafter capital expenditure is expected to revert to a level in line with depreciation, at which time the Group expects to return to converting a high proportion of profits into cash.

Working capital inflow since the start of the year was £98.6 million, reflecting the normal cyclical increase in activity at this point in the year as well as continued improvement in paid days stock. We continue to make good progress on stock management with significantly lower levels of aged stock across the Group.

Other items mainly comprise adjustments to reflect non-cash items such as share based payments, property losses and pension finance costs, as well as certain items where cash costs may be incurred but where there is no equivalent charge in the income statement.

Net restructuring and impairment reflects the cash outflows relating to the strategic reorganisation activities as announced in previous years. These predominantly comprise lease and other property related payments, store closure and employee severance costs, and have reduced as actions undertaken in previous financial years are brought to completion. These costs are expected to impact cash flows by approximately £30 million to £35 million for the full financial year, compared to £45.7 million in the previous year.

FUNDING

At 16 October 2010 the Group had net debt of £215.1 million, compared with net debt of £177.7 million at the previous half year date and £220.6 million at the end of the 2009/10 financial year.

		24 weeks ended 16 October 2010 £million		24 weeks ended 17 October 2009 £million
Opening net debt		**(220.6)**		(477.5)
Free Cash Flow		**11.4**		24.2
Equity Placing and Rights Issue	**-**		293.8	
Acquisitions	**-**		(10.6)	
Discontinued operations	**-**		(8.5)	
Special pension contribution	**(6.0)**		(6.0)	
Other items	**0.1**		6.9	
Other movements in net funds		**(5.9)**		275.6
Closing net debt		**(215.1)**		(177.7)

Over the last 18 months the Group has significantly improved its financial position through refinancing actions. In the prior year, the proceeds received from the equity Placing and Rights Issue were used to reduce debt and finance the Renewal and Transformation plan. In July 2010 the Group rephased its debt with the issue of £150 million 8.75% Guaranteed Notes repayable in August 2015 (the "2015 Bonds"). The net proceeds of the 2015 Bonds were used to repurchase £140 million of the Group's existing £300 million 6.125% Bonds (the "2012 Bonds"). The transaction also enabled the extension of the maturity of the Group's £360 million revolving credit facility (the "£360 million RCF") to August 2013. The rephasing of this debt ensures that the Group has the appropriate maturity profile on its debt facilities and has suitable working capital facilities with sufficient headroom to execute the Renewal and Transformation plan.

Following the debt rephasing the maturity profile on the Group's facilities is as follows:

2010	2011	2012	2013	2014	2015	2016
		November £160 million 6.125% Bond	August £360 million RCF		August £150 million 8.75% Bond	

It remains the Group's objective to reduce the financial borrowings of the Group as the 2012 and 2015 Bonds mature.

Net Debt is stated inclusive of restricted funds of £118.4 million (2009/10 £81.5 million), which predominantly comprise funds held under trust for potential Customer Support Agreement liabilities. The Group previously had a £55 million letter of credit facility, which was able to be used by the trust in lieu of funds being held on deposit. This £55 million letter of credit facility was linked with the Group's former £400 million revolving credit facility (the "Former RCF"), and was accordingly also cancelled when the Former RCF was replaced by the new £360 million RCF in July 2010. Additional funds have consequently been placed in trust.

ADJUSTMENTS TO UNDERLYING RESULTS

Underlying loss before tax is reported before net non-underlying charges of £3.5 million. A further explanation of these items is shown below:

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2010 £million
Loss before tax	**(11.4)**	(23.1)
Add back non-underlying items:		
Non-underlying items:		
Trading results from closed businesses	**-**	0.2
Amortisation of acquired intangibles	**1.8**	1.9
Net restructuring charges	**1.8**	2.8
Financing items:		
Net fair value remeasurements	**(0.1)**	0.6
Accelerated amortisation of facility fees	**7.8**	-
Net 2012 Bond redemption gains	**(7.8)**	-
Total net non-underlying charges to add back	**3.5**	5.5
Underlying loss before tax	**(7.9)**	(17.6)

- Amortisation of acquired intangibles of £1.8 million predominantly comprises brand names, with the year on year change being affected by currency movements.
- Net restructuring charges relate to the UK business transformation and comprise accelerated depreciation charges associated with the reformat of the UK & Ireland store portfolio. The prior year charge also included a reassessment of the charge for onerous leases on the CurrysDigital portfolio.
- The financing charge comprises the following elements:
  - £0.1 million relates to net fair value remeasurement gains on revaluation of financial instruments as required by IAS 32 and 39;
  - Accelerated amortisation of facility fees which relate to the refinancing activities and comprise the write off of fees relating to the now cancelled Former RCF which were previously being amortised over the life of that facility. Equivalent fees relating to the £360 million RCF are being amortised into underlying interest in the same manner as the historical facility fees were; and
  - Net 2012 Bond redemption gains which arise on the notional cancellation of interest rate swaps used to hedge the £140 million redeemed portion of the 2012 Bonds, offset mainly by the redemption premium paid.

PROPERTY LOSSES

Property losses were £5.7 million (2009/10 loss of £4.4 million), in line with expectations. These mainly comprise store resite and store asset disposal costs associated with the Renewal and Transformation plan, predominantly in the UK and Nordics. The prior year losses were primarily driven by costs associated with closed UK stores, as well as the closure of 5 stores in Greece.

UNDERLYING NET FINANCE COSTS

Underlying net finance costs were £16.1 million (2009/10 net costs of £23.2 million). The reduction in costs was primarily due to:

- Lower borrowing levels following the equity Placing and Rights Issue last year;
- Lower borrowing costs following the refinancing of the revolving credit facility;
- Lower amortisation costs following the non-underlying accelerated write off of facility fees associated with the Former RCF;
- Lower net pension interest costs, set at the beginning of the financial year, largely as a result of higher asset values compared to the beginning of the previous financial year.

These reductions were offset in part by increased costs resulting from the higher coupon on the 2015 Bonds.

TAX

The Group's underlying tax rate, which is based on current expectations of full year earnings and losses in different tax jurisdictions, is 39% (2009/10 full year 45%). The decrease in the tax rate reflects a reduced proportion of loss making businesses where tax benefits are not fully utilised.

PENSIONS

At 16 October 2010, the IAS 19 accounting deficit of the defined benefit section of the UK pension scheme amounted to £279.3 million compared to £263.5 million at 1 May 2010 and £291.7 million at 17 October 2009. The assumptions used for determining the accounting valuation use a consistent basis to that adopted in prior periods.

The deficit has increased mainly due to a combination of a decreased discount rate, and revised demographic information following detailed analysis work performed as part of the current ongoing triennial actuarial valuation. This has only been partly offset by a lower inflation rate (which reduces the gross liability), and by an improvement in asset values since the year end.

The actuarial deficit continues to be addressed by special cash contributions of £12 million per annum which are payable in two equal tranches of £6 million by June and December each year. Results of the 5 April 2010 triennial valuation are expected to be known early in the 2011/12 financial year.

OUTLOOK

Our complete focus on our customers and on consistently delivering Value, Choice and Service continues. We remain cautious on the economic outlook across many of our markets, as consumer confidence remains low. However, we have maintained our momentum in transforming the Group and are performing ahead of the market. We have a proven store format that is delivering consistent gross profit uplifts across all our markets. We remain excited by the technology pipeline and the superb ranges and deals we will offer customers this Christmas.

John Browett
Chief Executive
25 November 2010

Consolidated Income Statement

	Note	Underlying* £million	Non-underlying* £million	Total £million
		24 weeks ended 16 October 2010 Unaudited		
Continuing operations				
Revenue	*2*	**3,350.0**	**-**	**3,350.0**
Profit / (loss) from operations before associates		**8.9**	**(3.6)**	**5.3**
Share of post tax results of associates		**(0.7)**	**-**	**(0.7)**
Operating profit / (loss)	*2,3*	**8.2**	**(3.6)**	**4.6**
Finance income		**29.1**	**11.3**	**40.4**
Finance costs		**(45.2)**	**(11.2)**	**(56.4)**
Net finance costs	*4*	**(16.1)**	**0.1**	**(16.0)**
(Loss) / profit before tax		**(7.9)**	**(3.5)**	**(11.4)**
Income tax credit / (expense)	*5*	**3.1**	**0.9**	**4.0**
(Loss) / profit after tax – continuing operations		**(4.8)**	**(2.6)**	**(7.4)**
Loss after tax – discontinued operations	*8*	**-**	**-**	**-**
(Loss) / profit for the period		**(4.8)**	**(2.6)**	**(7.4)**
Attributable to:				
Equity shareholders of the parent company		**(2.3)**	**(2.6)**	**(4.9)**
Non-controlling interests		**(2.5)**	**-**	**(2.5)**
		(4.8)	**(2.6)**	**(7.4)**
(Loss) / earnings per share (pence)	*6*			
Basic - total				**(0.1)p**
Diluted - total				**(0.1)p**
Basic - continuing operations				**(0.1)p**
Diluted - continuing operations				**(0.1)p**
Underlying (loss) / earnings per share (pence)	*1,6*			
Basic - continuing operations		**(0.1)p**		
Diluted - continuing operations		**(0.1)p**		

* 'Underlying' profit / (loss) and (loss) / earnings per share measures exclude the trading results of closed businesses, amortisation of acquired intangibles, net restructuring and business impairment charges and other one-off, non-recurring items, profit on sale of investments, fair value remeasurements of financial instruments and, where applicable, discontinued operations. Such excluded items are described as 'Non-underlying'. Further information on these items is shown in notes 1, 3, 4 and 5.

24 weeks ended 17 October 2009 Unaudited			52 weeks ended 1 May 2010 Audited		
Underlying* £million	Non-underlying* £million	Total £million	Underlying* £million	Non-underlying* £million	Total £million
3,333.9	0.9	3,334.8	8,531.6	0.9	8,532.5
5.2	(4.9)	0.3	131.6	23.0	154.6
0.4	-	0.4	1.6	-	1.6
5.6	(4.9)	0.7	133.2	23.0	156.2
24.5	1.9	26.4	58.2	1.1	59.3
(47.7)	(2.5)	(50.2)	(100.9)	(1.9)	(102.8)
(23.2)	(0.6)	(23.8)	(42.7)	(0.8)	(43.5)
(17.6)	(5.5)	(23.1)	90.5	22.2	112.7
11.3	1.3	12.6	(40.7)	(6.0)	(46.7)
(6.3)	(4.2)	(10.5)	49.8	16.2	66.0
-	(8.7)	(8.7)	-	(8.7)	(8.7)
(6.3)	(12.9)	(19.2)	49.8	7.5	57.3
(4.9)	(12.9)	(17.8)	52.3	7.5	59.8
(1.4)	-	(1.4)	(2.5)	-	(2.5)
(6.3)	(12.9)	(19.2)	49.8	7.5	57.3
		(0.5)p			1.7p
		(0.5)p			1.7p
		(0.3)p			2.0p
		(0.3)p			1.9p
(0.1)p			1.5p		
(0.1)p			1.5p		

Consolidated Statement of Comprehensive Income and Expense

	24 weeks ended 16 October 2010 Unaudited £million	24 weeks ended 17 October 2009 Unaudited £million	52 weeks ended 1 May 2010 Audited £million
(Loss) / profit for the period	**(7.4)**	(19.2)	57.3
Actuarial (losses) / gains on defined benefit pension schemes - UK	**(19.2)**	(146.6)	(156.0)
- Other	**(0.2)**	(0.2)	1.5
Cash flow hedges:			
Fair value remeasurement losses	**(2.0)**	(8.7)	(18.4)
Losses transferred to carrying amount of inventories	**5.0**	7.1	15.1
Losses / (gains) transferred to income statement	**2.8**	(0.4)	(3.8)
Net investment hedges:			
Fair value remeasurement (losses) / gains	**(1.1)**	(12.4)	2.7
Investments:			
Fair value remeasurement gains	**0.2**	0.1	0.8
Tax on items taken directly to equity	**1.2**	43.9	44.2
Currency translation movements	**(17.7)**	67.1	45.3
Net expense recognised directly in equity	**(31.0)**	(50.1)	(68.6)
Total recognised expense for the period	**(38.4)**	(69.3)	(11.3)
Attributable to:			
Equity shareholders of the parent company	**(36.0)**	(68.5)	(8.9)
Non-controlling interests	**(2.4)**	(0.8)	(2.4)
	(38.4)	(69.3)	(11.3)

Consolidated Balance Sheet

	Note	16 October 2010 Unaudited £million	17 October 2009 Unaudited £million	1 May 2010 Audited £million
Non-current assets				
Goodwill		**1,103.4**	1,126.5	1,116.5
Intangible assets		**129.7**	140.6	130.7
Property, plant and equipment		**592.9**	524.8	541.0
Investments in associates		**24.9**	28.8	26.4
Trade and other receivables		**67.2**	76.3	58.0
Deferred tax assets		**184.4**	219.8	169.4
		2,102.5	2,116.8	2,042.0
Current assets				
Inventories		**1,147.5**	1,095.3	972.6
Trade and other receivables		**408.3**	479.2	395.1
Income tax receivable		**1.7**	8.8	1.9
Short term investments	*7*	**13.2**	7.7	8.5
Cash and cash equivalents	*7*	**278.5**	286.5	295.7
		1,849.2	1,877.5	1,673.8
Total assets		**3,951.7**	3,994.3	3,715.8
Current liabilities				
Bank overdrafts	*7*	**(0.3)**	-	(4.9)
Borrowings	*7*	**(88.0)**	(50.0)	(98.5)
Obligations under finance leases		**(2.8)**	(2.8)	(2.4)
Trade and other payables		**(1,900.1)**	(1,914.8)	(1,605.9)
Income tax payable		**(38.8)**	(46.1)	(47.0)
Provisions		**(23.3)**	(40.9)	(22.3)
		(2,053.3)	(2,054.6)	(1,781.0)
Net current liabilities		**(204.1)**	(177.1)	(107.2)
Non-current liabilities				
Borrowings	*7*	**(317.6)**	(320.7)	(321.4)
Obligations under finance leases		**(98.1)**	(98.4)	(97.6)
Retirement benefit obligations	*9*	**(282.7)**	(296.5)	(266.8)
Other payables		**(325.3)**	(359.8)	(325.7)
Deferred tax liabilities		**(18.2)**	(22.8)	(18.7)
Provisions		**(15.4)**	(30.3)	(29.5)
		(1,057.3)	(1,128.5)	(1,059.7)
Total liabilities		**(3,110.6)**	(3,183.1)	(2,840.7)
Net assets		**841.1**	811.2	875.1
Capital and reserves				
Called up share capital		**90.2**	90.2	90.2
Share premium		**169.4**	169.4	169.4
Other reserves		**(534.0)**	(545.2)	(537.5)
Retained earnings		**1,088.2**	1,068.7	1,124.4
Equity attributable to equity holders of the parent company		**813.8**	783.1	846.5
Equity minority interests		**27.3**	28.1	28.6
Total equity		**841.1**	811.2	875.1

Consolidated Cash Flow Statement

		Note	**24 weeks ended 16 October 2010 Unaudited £million**	24 weeks ended 17 October 2009 Unaudited £million	52 weeks ended 1 May 2010 Audited £million
Operating activities - continuing operations					
Cash generated from operations	*	7	**163.7**	135.1	270.3
Special contribution to defined benefit pension scheme			**(6.0)**	(6.0)	(12.0)
Income tax paid	*		**(18.2)**	(25.6)	(31.9)
Net cash flows from operating activities			**139.5**	103.5	226.4
Investing activities - continuing operations					
Purchase of property, plant & equipment and other intangibles	*		**(112.7)**	(65.8)	(165.3)
Purchase of subsidiaries			**-**	(10.6)	(7.0)
Interest received	*		**4.8**	1.1	25.5
(Increase) / decrease in short term investments			**(4.5)**	1.4	1.3
Disposals of property, plant & equipment and other intangibles	*		**-**	-	9.7
Dividend received from associate			**-**	0.1	4.0
Net cash flows from investing activities			**(112.4)**	(73.8)	(131.8)
Financing activities - continuing operations					
Issue of ordinary share capital			**-**	293.8	291.3
Additions to finance leases			**1.7**	-	-
Capital element of finance lease payments			**(0.8)**	(0.6)	(1.7)
Interest element of finance lease payments	*		**(3.4)**	(3.3)	(7.1)
Decrease in borrowings due within one year			**(10.6)**	(200.1)	(151.6)
Decrease in borrowings due after more than one year			**(4.9)**	-	-
Interest paid	*		**(22.8)**	(17.3)	(118.8)
Investment from minority shareholder			**1.1**	2.8	5.0
Net cash flows from financing activities			**(39.7)**	75.3	17.1
Increase / (decrease) in cash and cash equivalents	(i)				
Continuing operations			**(12.6)**	105.0	111.7
Discontinued operations		8	**-**	(8.5)	(8.6)
			(12.6)	96.5	103.1
Cash and cash equivalents at beginning of period	(i)	7	**290.8**	187.8	187.8
Currency translation differences			**-**	2.2	(0.1)
Cash and cash equivalents at end of period	(i)	7	**278.2**	286.5	290.8
Free Cash Flow	(ii)		**11.4**	24.2	(17.6)

(i) For the purposes of this cash flow statement, cash and cash equivalents comprise those items disclosed as ‘cash and cash equivalents’ on the face of the balance sheet, less overdrafts, which are classified within current liabilities on the face of the balance sheet. A reconciliation to the balance sheet amounts is shown in note 7.

(ii) Free Cash Flow comprises those items marked * and comprises cash generated from / (utilised by) continuing operations before special pension contributions, plus net finance income, less income tax paid and net capital expenditure. The directors consider that ‘Free Cash Flow’ provides additional useful information to shareholders in respect of cash generation and is consistent with how business performance is measured internally.

Consolidated Statement of Changes in Equity

	Share capital £million	Share premium £million	Other reserves £million	Retained earnings £million	Subtotal £million	Non-controlling interests £million	Total equity £million
At 2 May 2010	90.2	169.4	(537.5)	1,124.4	846.5	28.6	875.1
Loss for the period	-	-	-	**(7.4)**	**(7.4)**	-	**(7.4)**
Other comprehensive income and expense recognised directly in equity	-	-	**3.5**	**(32.1)**	**(28.6)**	**(2.4)**	**(31.0)**
Total comprehensive income and expense for the period	-	-	**3.5**	**(39.5)**	**(36.0)**	**(2.4)**	**(38.4)**
Non-controlling interests - increase in capital	-	-	-	-	-	**1.1**	**1.1**
Share based payments	-	-	-	**3.7**	**3.7**	-	**3.7**
Tax on share based payments	-	-	-	**(0.4)**	**(0.4)**	-	**(0.4)**
At 16 October 2010	**90.2**	**169.4**	**(534.0)**	**1,088.2**	**813.8**	**27.3**	**841.1**

	Share capital £million	Share premium £million	Other reserves £million	Retained earnings £million	Subtotal £million	Non-controlling interests £million	Total equity £million
At 3 May 2009	44.3	169.4	(534.9)	880.1	558.9	26.0	584.9
Loss for the period	-	-	-	(19.2)	(19.2)	-	(19.2)
Other comprehensive income and expense recognised directly in equity	-	-	(10.3)	(39.0)	(49.3)	(0.8)	(50.1)
Total comprehensive income and expense for the period	-	-	(10.3)	(58.2)	(68.5)	(0.8)	(69.3)
Placing and Rights Issue	45.9	-	245.4	-	291.3	-	291.3
Transfers	-	-	(245.4)	245.4	-	-	-
Non-controlling interests - increase in capital	-	-	-	-	-	2.9	2.9
Share based payments	-	-	-	1.5	1.5	-	1.5
Tax on share based payments	-	-	-	(0.1)	(0.1)	-	(0.1)
At 17 October 2009	90.2	169.4	(545.2)	1,068.7	783.1	28.1	811.2

	Share capital £million	Share premium £million	Other reserves £million	Retained earnings £million	Subtotal £million	Non-controlling interests £million	Total equity £million
At 3 May 2009	44.3	169.4	(534.9)	880.1	558.9	26.0	584.9
Profit for the period	-	-	-	57.3	57.3	-	57.3
Other comprehensive income and expense recognised directly in equity	-	-	(2.6)	(63.6)	(66.2)	(2.4)	(68.6)
Total comprehensive income and expense for the period	-	-	(2.6)	(6.3)	(8.9)	(2.4)	(11.3)
Placing and Rights Issue	45.9	-	245.4	-	291.3	-	291.3
Transfers	-	-	(245.4)	245.4	-	-	-
Non-controlling interests - increase in capital	-	-	-	-	-	5.0	5.0
Share based payments	-	-	-	4.9	4.9	-	4.9
Tax on share based payments	-	-	-	0.3	0.3	-	0.3
At 1 May 2010	90.2	169.4	(537.5)	1,124.4	846.5	28.6	875.1

Non-controlling interests (minority interests) comprise shareholdings in Pixmania S.A.S., (PIXmania), ElectroWorld Iç ve Dis Ticaret AS (ElectroWorld Turkey) and DSGi South-East Europe A.E.V.E. (Kotsovolos).

On 9 June 2009 the Group completed a Placing and Rights Issue which raised gross proceeds of £310.6 million, of which £100 million was raised by the Placing. The Placing comprised in aggregate 333,333,333 Placing Shares available for subscription at an issue price of 30 pence per Placing Share. The Rights Issue was made on the basis of 5 new shares for each 7 eligible shares at 14 pence per new share. Aggregate issue costs of the Placing and Rights Issue were £19.3 million. The Placing and Rights Issue was effected through a structure which resulted in a merger reserve arising under section 612 of the Companies Act 2006. Following receipt of the cash proceeds through the structure, the excess of the net proceeds over the nominal value of the share capital issued was transferred from the merger reserve to retained earnings.

Notes to the Interim Financial Statements

1 Basis of preparation and accounting policies

The interim financial information for the 24 weeks ended 16 October 2010 was approved by the directors on 25 November 2010. The interim financial information, which is a condensed set of financial statements, has been prepared in accordance with the Listing Rules of the Financial Services Authority and International Accounting Standard 34 'Interim financial reporting' (IAS 34) as adopted by the European Union and has been prepared on the going concern basis as described further in the section on principal risks and uncertainties. Other than as set out below, the accounting policies adopted are those set out in the Group's Annual Report and Accounts for the 52 week period ended 1 May 2010.

The following new accounting pronouncements became applicable during the period:

- *IFRS 3 Revised Business Combinations.* IFRS 3 Revised introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and the future reported results.

- *IAS 27 Revised Consolidated and Separate Financial Statements.* IAS 27 Revised requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. These changes must be applied prospectively and will affect future acquisitions and transactions with minority interests.

Neither has had an impact on the net results or net assets of the Group, however, may impact acquisitions in the future. Other new standards, amendments to standards and IFRIC interpretations are effective for the Group during the current financial period but are either not relevant or have had no impact on the Group's net results or net assets.

The interim financial information is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, but has been reviewed by the auditors. The financial information for the 52 weeks ended 1 May 2010 does not constitute the Company's statutory accounts for that period but has been extracted from those accounts which have been filed with the Registrar of Companies. The auditors have reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

The Group's income statement and segmental analysis identify separately underlying performance measures and non-underlying items. Underlying performance measures reflect an adjustment to total performance measures to exclude the impact of closed businesses and other non-underlying items. Underlying performance measures comprise profits and losses incurred as part of the day-to-day ongoing retail activities of the Group and include profits and losses incurred on the disposal and closure of owned or leased properties that occur as part of the Group's annual retail churn. The profits or losses incurred on disposal or closure of owned or leased properties as part of a one-off restructuring programme are excluded from underlying performance measures and are therefore included, among other items, within non-underlying items as described below. The directors consider 'underlying' performance measures to be a more accurate reflection of the ongoing trading performance of the Group and believe that these measures provide additional useful information for shareholders on the Group's performance and are consistent with how business performance is measured internally.

Non-underlying items comprise trading results of closed businesses, amortisation of acquired intangibles, net restructuring and business impairment charges and other one-off, non-recurring items, profit on sale of investments, fair value remeasurements of financial instruments and, where applicable, discontinued operations. Closed businesses are those which do not meet the definition of discontinued operations as stipulated by IFRS 5. A reconciliation of underlying profit and losses to total profits and losses is shown in note 2. Items excluded from underlying results can evolve from one financial year to the next depending on the nature of reorganisation or one-off type activities described above, however, there were no new exclusions in the 24 weeks ended 16 October 2010.

Underlying performance measures and non-underlying performance measures may not be directly comparable with other similarly titled measures or "adjusted" revenue or profit measures used by other companies.

2 Segmental analysis

The Group's operating segments have been determined based on the information reported to the Board. This information is predominantly based on geographical areas which are either managed separately or have similar trading characteristics such that they can be aggregated together into one segment and in the case of e-commerce, as a business area with geographical territories aggregated. Accounting policies for each operating segment are the same as those for the Group and are set out in the 2009/10 Annual Report and Accounts. The Group evaluates each operating segment based on underlying operating profits which excludes those items described in note 1.

All segments are involved in the multi-channel sale of high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communication products and related financial and after-sales services. The principal categories of customer are retail, business to business and online.

The Group's reportable segments have been identified as follows:

- UK & Ireland division which comprises retail store based operations in the UK & Ireland which sell mixed electricals products, computing products, associated peripherals and services and related financial and after sales services as well as business to business operations which focus on sales of computer hardware and software.
- Nordics division which comprises the Elkjøp Group which operates in Norway, Sweden, Finland, Denmark, Iceland, Greenland and the Faroe Islands. The Nordics division engages predominantly in retail sales.
- Other International division which comprises operations in Italy, Greece, Spain, the Czech Republic and Turkey. The Other International division engages predominantly in retail sales.
- e-commerce division which comprises pure-play on-line retailers. It is engaged in on-line retail sales and operates in most of the countries in which the other divisions operate and across Europe.

Discontinued operations comprise the Group's former operations in Hungary and Poland which were disposed in the prior period. Further information is provided on these disposals in note 8.

Closed businesses comprise Markantalo and PC City Sweden whereby these store operations were closed on 10 May 2009 and 20 May 2009, respectively. Owing to their closure rather than disposal, these operations do not meet the definition of discontinued operations as stipulated by IFRS 5.

Central assets and liabilities predominantly comprise intersegment balances, cash and cash equivalents, borrowings, net retirement benefit obligations, derivative financial instruments and tax assets and liabilities.

2 Segmental analysis (continued)

(a) Income Statement

24 weeks ended 16 October 2010

	External revenue £million	Intersegmental revenue £million	Revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	1,616.0	23.2	1,639.2	(10.7)	(12.7)
Nordics	860.4	1.8	862.2	45.7	45.7
Other International	563.5	0.4	563.9	(12.2)	(12.5)
e-commerce	310.1	1.9	312.0	(0.8)	(2.1)
Eliminations	-	(27.3)	(27.3)	-	-
	3,350.0	-	3,350.0	22.0	18.4
Share of post tax result of associates				(0.7)	(0.7)
Operating profit before central costs and property losses				21.3	17.7
Central costs				(7.4)	(7.4)
Property losses				(5.7)	(5.7)
Operating profit				8.2	4.6
Finance income				29.1	40.4
Finance costs				(45.2)	(56.4)
Loss before tax for the period				(7.9)	(11.4)

Reconciliation of underlying profit / (loss) to total profit / (loss)

24 weeks ended 16 October 2010

	Underlying profit / (loss) £million	Amortisation of acquired intangibles £million	Restructuring and other £million	Net fair value remeasure-ments £million	Accelerated amortisation of facility fees £million	Net 2012 Bond redemption gains £million	Total profit / (loss) £million
UK & Ireland	(10.7)	(0.2)	(1.8)	-	-	-	(12.7)
Nordics	45.7	-	-	-	-	-	45.7
Other International	(12.2)	(0.3)	-	-	-	-	(12.5)
e-commerce	(0.8)	(1.3)	-	-	-	-	(2.1)
	22.0	(1.8)	(1.8)	-	-	-	18.4
Share of post tax result of associates	(0.7)	-	-	-	-	-	(0.7)
Operating profit before central costs and property losses	21.3	(1.8)	(1.8)	-	-	-	17.7
Central costs	(7.4)	-	-	-	-	-	(7.4)
Property losses	(5.7)	-	-	-	-	-	(5.7)
Operating profit	8.2	(1.8)	(1.8)	-	-	-	4.6
Finance income	29.1	-	-	1.1	-	10.2	40.4
Finance costs	(45.2)	-	-	(1.0)	(7.8)	(2.4)	(56.4)
Loss before tax for the period	(7.9)	(1.8)	(1.8)	0.1	(7.8)	7.8	(11.4)

Share of post tax result of associates relates to the Nordics.

					24 weeks ended 17 October 2009
	External revenue £million	Intersegmental revenue £million	Revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	1,625.7	38.1	1,663.8	(16.0)	(18.9)
Nordics	798.7	0.5	799.2	38.7	38.5
Other International	586.0	0.3	586.3	(7.7)	(8.0)
e-commerce	324.4	1.3	325.7	2.7	1.3
Eliminations	-	(40.2)	(40.2)	-	-
	3,334.8	-	3,334.8	17.7	12.9
Share of post tax result of associates				0.4	0.4
Operating profit before central costs and property losses				18.1	13.3
Central costs				(8.1)	(8.2)
Property losses				(4.4)	(4.4)
Operating profit				5.6	0.7
Finance income				24.5	26.4
Finance costs				(47.7)	(50.2)
Loss before tax for the period				(17.6)	(23.1)

External revenue for the Nordics includes £0.9 million relating to closed businesses.

Reconciliation of underlying profit / (loss) to total profit / (loss)

						24 weeks ended 17 October 2009
	Underlying profit / (loss) £million	Closed businesses £million	Amortisation of acquired intangibles £million	Restructuring and other £million	Net fair value remeasure-ments £million	Total profit / (loss) £million
UK & Ireland	(16.0)	-	(0.2)	(2.7)	-	(18.9)
Nordics	38.7	(0.2)	-	-	-	38.5
Other International	(7.7)	-	(0.3)	-	-	(8.0)
e-commerce	2.7	-	(1.4)	-	-	1.3
	17.7	(0.2)	(1.9)	(2.7)	-	12.9
Share of post tax result of associates	0.4	-	-	-	-	0.4
Operating profit before central costs and property losses	18.1	(0.2)	(1.9)	(2.7)	-	13.3
Central costs	(8.1)	-	-	(0.1)	-	(8.2)
Property losses	(4.4)	-	-	-	-	(4.4)
Operating profit	5.6	(0.2)	(1.9)	(2.8)	-	0.7
Finance income	24.5	-	-	-	1.9	26.4
Finance costs	(47.7)	-	-	-	(2.5)	(50.2)
Loss before tax for the period	(17.6)	(0.2)	(1.9)	(2.8)	(0.6)	(23.1)

Share of post tax result of associates relates to the Nordics.

2 Segmental analysis (continued)

(a) Income Statement (continued)

52 weeks ended 1 May 2010

	External revenue £million	Intersegmental revenue £million	Revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	4,013.5	101.7	4,115.2	71.1	93.7
Nordics	2,094.6	1.7	2,096.3	95.8	95.6
Other International	1,503.2	1.5	1,504.7	(8.3)	(9.0)
e-commerce	921.2	3.8	925.0	11.3	7.9
Eliminations	-	(108.7)	(108.7)	-	-
	8,532.5	-	8,532.5	169.9	188.2
Share of post tax result of associates				1.6	1.6
Operating profit before central costs and property losses				171.5	189.8
Central costs				(19.5)	(14.8)
Property losses				(18.8)	(18.8)
Operating profit				133.2	156.2
Finance income				58.2	59.3
Finance costs				(100.9)	(102.8)
Profit before tax for the period				90.5	112.7

External revenue for the Nordics includes £0.9 million relating to closed businesses.

Reconciliation of underlying profit / (loss) to total profit / (loss)

52 weeks ended 1 May 2010

	Underlying profit / (loss) £million	Closed businessess £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Change in pension benefits £million	Net fair value remeasure-ments £million	Total profit / (loss) £million
UK & Ireland	71.1	-	(0.5)	(5.6)	28.7	-	93.7
Nordics	95.8	(0.2)	-	-	-	-	95.6
Other International	(8.3)	-	(0.7)	-	-	-	(9.0)
e-commerce	11.3	-	(3.4)	-	-	-	7.9
	169.9	(0.2)	(4.6)	(5.6)	28.7	-	188.2
Share of post-tax result of associates	1.6	-	-	-	-	-	1.6
Operating profit before central costs and property losses	171.5	(0.2)	(4.6)	(5.6)	28.7	-	189.8
Central costs	(19.5)	-	-	-	4.7	-	(14.8)
Property losses	(18.8)	-	-	-	-	-	(18.8)
Operating profit	133.2	(0.2)	(4.6)	(5.6)	33.4	-	156.2
Finance income	58.2	-	-	-	-	1.1	59.3
Finance costs	(100.9)	-	-	-	-	(1.9)	(102.8)
Profit before tax for the period	90.5	(0.2)	(4.6)	(5.6)	33.4	(0.8)	112.7

Share of post tax result of associates relates to the Nordics.

(b) Balance sheet

					24 weeks ended 16 October 2010
	Segment assets £million	**Investment in associates £million**	**Total segment assets £million**	**Segment liabilities £million**	**Net assets £million**
UK & Ireland	**2,102.4**	**-**	**2,102.4**	**(1,624.0)**	**478.4**
Nordics	**1,177.6**	**24.9**	**1,202.5**	**(584.0)**	**618.5**
Other International	**784.6**	**-**	**784.6**	**(1,383.1)**	**(598.5)**
e-commerce	**408.3**	**-**	**408.3**	**(373.2)**	**35.1**
Central	**2,046.6**	**-**	**2,046.6**	**(1,738.0)**	**308.6**
Eliminations	**(2,592.7)**	**-**	**(2,592.7)**	**2,592.7**	**-**
Continuing operations	**3,926.8**	**24.9**	**3,951.7**	**(3,109.6)**	**842.1**
Discontinued operations	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Continuing operations	**3,926.8**	**24.9**	**3,951.7**	**(3,110.6)**	**841.1**

					24 weeks ended 17 October 2009
	Segment assets £million	Investment in associates £million	Total segment assets £million	Segment liabilities £million	Net assets £million
UK & Ireland	4,217.6	-	4,217.6	(3,818.8)	398.8
Nordics	1,220.1	28.8	1,248.9	(527.1)	721.8
Other International	799.6	-	799.6	(1,437.2)	(637.6)
e-commerce	382.0	-	382.0	(348.4)	33.6
Central	1,976.8	-	1,976.8	(1,681.1)	295.7
Eliminations	(4,630.6)	-	(4,630.6)	4,630.6	-
Continuing operations	3,965.5	28.8	3,994.3	(3,182.0)	812.3
Discontinued operations	-	-	-	(1.1)	(1.1)
	3,965.5	28.8	3,994.3	(3,183.1)	811.2

					52 weeks ended 1 May 2010
	Segment assets £million	Investment in associates £million	Total segment assets £million	Segment liabilities £million	Net assets £million
UK & Ireland	1,543.1	-	1,543.1	(1,087.4)	455.7
Nordics	1,054.3	26.4	1,080.7	(467.2)	613.5
Other International	696.8	-	696.8	(1,351.6)	(654.8)
e-commerce	373.3	-	373.3	(335.3)	38.0
Central	1,411.3	-	1,411.3	(987.5)	423.8
Eliminations	(1,389.4)	-	(1,389.4)	1,389.4	-
Continuing operations	3,689.4	26.4	3,715.8	(2,839.6)	876.2
Discontinued operations	-	-	-	(1.1)	(1.1)
	3,689.4	26.4	3,715.8	(2,840.7)	875.1

(c) Seasonality

The Group's business is highly seasonal, with a substantial proportion of its revenue and operating profit generated during its third quarter, which includes the Christmas and New Year season. In addition, in Southern Europe, hot summer periods encourage sales of air conditioning units and, accordingly, this forms a second peak of trading.

3 Non-underlying items

		24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Included in operating profit:				
Closed businesses	(i)	-	(0.2)	(0.2)
Amortisation of acquired intangibles		(1.8)	(1.9)	(4.6)
Net restructuring charges	(ii)	(1.8)	(2.8)	(5.6)
Change in pension benefits	(iii)	-	-	33.4
		(3.6)	(4.9)	23.0
Included in net finance charges:				
Net fair value remeasurements of financial instruments	(iv)	0.1	(0.6)	(0.8)
Accelerated amortisation of facility fees	(v)	(7.8)	-	-
Net 2012 Bond redemption gains	(vi)	7.8	-	-
		0.1	(0.6)	(0.8)
Total impact on loss before tax		(3.5)	(5.5)	22.2
Included in income tax expense		0.9	1.3	(6.0)
Total impact on loss after tax		(2.6)	(4.2)	16.2

(i) Closed businesses: Comprised the operating activities of PC City Sweden and Markantalo which were closed on 10 May 2009 and 20 May 2009, respectively.

(ii) Net restructuring charges: Strategic re-organisation:

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Asset impairments	(1.8)	(1.4)	(3.3)
Property charges	-	(1.4)	(2.3)
	(1.8)	(2.8)	(5.6)

Net restructuring charges relate to the renewal and transformation of the UK & Ireland business which has been focused mainly on the reformatting of the UK & Ireland store portfolio and the reorganisation of the service offering.

Asset impairments relate to intangible assets and items of property, plant & equipment which are to be eliminated from the business over a shorter period than their current useful expected lives and arise from restructuring initiatives which commenced in 2007/08. Such impairments comprise incremental accelerated depreciation charges associated with the economic useful life of these assets being shortened. Property charges comprised onerous lease costs and charges related to vacating properties.

(iii) The change in pension benefits arose from the closure to future accrual of the defined benefit section of the UK pension scheme which occurred on 30 April 2010.

(iv) Net fair value remeasurement gains and losses on revaluation of financial instruments: Items excluded from underlying finance income and expense represent the gains and losses arising from the revaluation of derivative financial instruments under methodologies stipulated by IAS 39 compared with those on an accruals basis (the basis upon which all other items in the financial statements is prepared). Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives will be settled before their maturity.

Such gains and losses are unrealised and in the directors' view also conflict with both the commercial reasons for entering into such arrangements as well as Group Treasury policy whereby early settlement in the majority of cases would amount to speculative use of derivatives.

(v) On 12 May 2010, the Group signed a new £360 million Revolving Credit Facility (the £360 million Facility) which came into effect on 9 July 2010 when the Group's pre-existing £400 million Sterling Committed Facility (the £400 million Facility) was cancelled. This cancellation triggered the acceleration of the amortisation of fees from the £400 million Facility which would otherwise have been charged evenly over the period to the pre-existing facility's maturity in October 2011.

(vi) On 23 July 2010, the Group conditionally accepted tenders to repurchase £140 million in nominal amount of its £300 million 6.125% Guaranteed Bonds due November 2012 (the 2012 Bonds), subject to the successful completion of appropriate financing to fund the repurchase. This repurchase was financed by a new issue of £150 million 8.75% Guaranteed Notes due 3 August 2015 and for which proceeds were received on 30 July 2010. As a result of the repurchase, charges relating to the acceleration of the amortisation of fees from the 2012 Bonds which would otherwise have been charged evenly over the period to the 2012 Bonds' maturity in November 2012 has occurred together with a redemption premium. These have been more than offset by gains arising on the notional cancellation of interest rate swaps which were in place on the portion of the 2012 Bonds which have now been redeemed.

4 Net finance costs

		24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Bank and other interest receivable		**8.5**	7.2	20.6
Expected return on pension scheme assets		**20.6**	17.3	37.6
Fair value remeasurement gains on financial instruments	*	**1.1**	1.9	1.1
2012 Bond redemption gains	*	**10.2**	-	-
Finance income		**40.4**	26.4	59.3
6.125% Guaranteed Bonds 2012 interest and related charges		**(6.7)**	(8.4)	(18.3)
8.75% Guaranteed Notes 2015 interest and related charges		**(2.8)**	-	-
Bank loans, overdrafts and other interest payable		**(9.1)**	(15.0)	(29.9)
Finance lease interest payable		**(3.4)**	(3.3)	(7.1)
Interest on pension scheme liabilities		**(23.2)**	(21.0)	(45.6)
Fair value remeasurement losses on financial instruments	*	**(1.0)**	(2.5)	(1.9)
Accelerated amortisation of facility fees	*	**(7.8)**	-	-
2012 Bond redemption charges	*	**(2.4)**	-	-
Finance costs		**(56.4)**	(50.2)	(102.8)
Total net finance costs – continuing operations		**(16.0)**	(23.8)	(43.5)
Underlying total net finance costs – continuing operations		**(16.1)**	(23.2)	(42.7)

Underlying total net finance costs excludes items marked *. See note 3 for a description of such items.

Bank and other interest receivable includes £1.2 million of exchange gains (24 weeks ended 17 October 2009 £0.7 million and 52 weeks ended 1 May 2010 £nil). Underlying bank loans, overdrafts and other interest payable includes £nil relating to exchange losses (24 weeks ended 17 October 2009 £0.9 million and 52 weeks ended 1 May 2010 £4.6 million).

5 Tax

			24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Current tax					
UK corporation tax at 28%			**-**	0.3	0.4
Double tax relief			**-**	(0.3)	(0.4)
			-	-	-
Overseas taxation			**11.0**	11.6	25.0
Adjustment in respect of earlier periods:					
UK corporation tax			**-**	-	(1.8)
Overseas taxation			**-**	-	1.3
			11.0	11.6	24.5
Deferred tax					
Current period	- underlying		**(14.2)**	(23.0)	18.0
	- non-underlying	*	**-**	(0.1)	(0.1)
(Credit) / charge in respect of non-underlying items		*	**(0.9)**	(1.2)	6.1
Adjustment in respect of earlier periods:					
UK corporation tax			**0.1**	-	(6.0)
Overseas taxation			**-**	0.1	4.2
			(15.0)	(24.2)	22.2
Income tax (credit) / expense – continuing operations			**(4.0)**	(12.6)	46.7
Underlying income tax (credit) / expense – continuing operations			**(3.1)**	(11.3)	40.7

Underlying income tax (credit) / expense excludes those items marked *. See note 3 for a description of such items.

The taxation (credit) / charge based on underlying results is based on the estimated effective rate of taxation of 39% on underlying earnings for the full financial period ending 30 April 2011. The equivalent effective rate of taxation for the 52 weeks ended 1 May 2010 was 45%.

6 (Loss) / earnings per share

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Basic and diluted (loss) / earnings			
Total (continuing and discontinued operations)	**(4.9)**	(17.8)	59.8
Discontinued operations – loss after tax	**-**	8.7	8.7
Continuing operations	**(4.9)**	(9.1)	68.5
Non-underlying items			
Closed businesses	**-**	0.2	0.2
Amortisation of acquired intangibles	**1.8**	1.9	4.6
Net restructuring charges	**1.8**	2.8	5.6
Change in pension benefits	**-**	-	(33.4)
Net fair value remeasurements of financial instruments	**(0.1)**	0.6	0.8
Acceleration of Facility fees	**(7.8)**	-	-
Net 2012 Bond redemption gains	**7.8**	-	-
	3.5	5.5	(22.2)
Tax on non-underlying items	**(0.9)**	(1.3)	6.0
Total adjustments (net of taxation)	**2.6**	4.2	(16.2)
Underlying basic and diluted (loss) / earnings	**(2.3)**	(4.9)	52.3

	Million	Million	Million
Basic weighted average number of shares	**3,606.4**	3,365.1	3,495.6
Employee share option and ownership schemes	**15.1**	25.4	23.9
Diluted weighted average number of shares	**3,621.5**	3,390.5	3,519.5

	Pence	Pence	Pence
Basic (loss) / earnings per share			
Total (continuing and discontinued operations)	**(0.1)**	(0.5)	1.7
Discontinued operations	**-**	0.2	0.3
Continuing operations	**(0.1)**	(0.3)	2.0
Adjustments (net of taxation)	**-**	0.2	(0.5)
Underlying basic (loss) / earnings per share	**(0.1)**	(0.1)	1.5
Diluted (loss) / earnings per share			
Total (continuing and discontinued operations)	**(0.1)**	(0.5)	1.7
Discontinued operations	**-**	0.2	0.2
Continuing operations	**(0.1)**	(0.3)	1.9
Adjustments (net of taxation)	**-**	0.2	(0.4)
Underlying diluted (loss) / earnings per share	**(0.1)**	(0.1)	1.5

The weighted average number of shares used in the calculation of earnings per share information for the period prior to the rights issue, which completed on 9 June 2009, have been multiplied by an adjustment factor to reflect the bonus element in the shares issued under the terms of the rights issue. The adjustment factor used was 1.2138.

Basic and diluted (loss) / earnings per share is based on the loss for the period attributable to equity shareholders. Underlying earnings per share are presented in order to show the underlying performance of the Group.

Adjustments used to determine underlying earnings are described further in note 3.

7 Notes to the cash flow statement

(a) Reconciliation of operating profit / (loss) to cash generated from operating activities

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Operating profit / (loss)	**4.6**	(2.3)	153.2
Operating loss - discontinued operations	**-**	3.0	3.0
Operating profit - continuing operations	**4.6**	0.7	156.2
Amortisation of acquired intangibles	**1.8**	1.9	4.6
Amortisation of other intangibles	**10.7**	12.6	25.8
Depreciation	**48.1**	42.2	102.8
Share based payment charge	**3.1**	1.9	5.7
Share of post tax results of associates	**0.7**	(0.4)	(1.6)
Loss on disposal of property, plant & equipment	**7.2**	4.5	19.6
Additions to non-underlying - provisions	**-**	1.4	2.3
- impairment and accelerated depreciation / amortisation	**1.7**	1.4	3.3
Change in pension benefits	**-**	-	(33.4)
Utilisation of non-underlying provisions	**(12.8)**	(37.8)	(54.7)
Operating cash flows before movements in working capital	**65.1**	28.4	230.6
Movements in working capital:			
(Increase) / decrease in inventories	**(179.5)**	(99.5)	14.1
(Increase) / decrease in trade and other receivables	**(22.0)**	31.0	117.6
Increase / (decrease) in trade and other payables	**300.1**	175.2	(92.0)
	98.6	106.7	39.7
Cash generated from operations – continuing operations	**163.7**	135.1	270.3

(b) Analysis of net funds / (debt)

		2 May 2010 £million	**Cash flow £million**	**Other non-cash movements £million**	**Currency translation £million**	**16 October 2010 £million**
Cash and cash equivalents	*	295.7	**(17.2)**	**-**	**-**	**278.5**
Bank overdrafts		(4.9)	**4.6**	**-**	**-**	**(0.3)**
		290.8	**(12.6)**	**-**	**-**	**278.2**
Short term investments		8.5	**4.5**	**0.2**	**-**	**13.2**
Borrowings due within one year		(98.5)	**10.6**	**-**	**(0.1)**	**(88.0)**
Borrowings due after more than one year		(321.4)	**4.9**	**(1.1)**	**-**	**(317.6)**
Obligations under finance leases		(100.0)	**0.8**	**(1.7)**	**-**	**(100.9)**
		(519.9)	**16.3**	**(2.8)**	**(0.1)**	**(506.5)**
Net debt		(220.6)	**8.2**	**(2.6)**	**(0.1)**	**(215.1)**

		3 May 2009 £million	Cash flow £million	Other non-cash movements £million	Currency translation £million	17 October 2009 £million
Cash and cash equivalents	*	192.6	91.4	-	2.5	286.5
Bank overdrafts		(4.8)	5.1	-	(0.3)	-
		187.8	96.5	-	2.2	286.5
Short term investments		9.0	(1.4)	0.1	-	7.7
Borrowings due within one year		(250.1)	200.1	-	-	(50.0)
Borrowings due after more than one year		(322.5)	-	1.8	-	(320.7)
Obligations under finance leases		(101.7)	0.6	-	(0.1)	(101.2)
		(674.3)	200.7	1.8	(0.1)	(471.9)
Net debt		(477.5)	295.8	1.9	2.1	(177.7)

		3 May 2009 £million	Cash flow £million	Other non-cash movements £million	Currency translation £million	1 May 2010 £million
Cash and cash equivalents	*	192.6	102.8	-	0.3	295.7
Bank overdrafts		(4.8)	0.3	-	(0.4)	(4.9)
		187.8	103.1	-	(0.1)	290.8
Short term investments		9.0	(1.3)	0.8	-	8.5
Borrowings due within one year		(250.1)	151.6	-	-	(98.5)
Borrowings due after more than one year		(322.5)	-	1.1	-	(321.4)
Obligations under finance leases		(101.7)	1.7	-	-	(100.0)
		(674.3)	153.3	1.1	-	(519.9)
Net debt		(477.5)	255.1	1.9	(0.1)	(220.6)

* Cash and cash equivalents are presented as a single class of assets on the face of the consolidated balance sheet. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise those amounts presented as such on the consolidated balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the consolidated balance sheet).

Restricted funds, which predominantly comprise funds held under trust to fund potential customer support agreement liabilities, were £118.4 million (24 weeks ended 17 October 2009 £81.5 million, 52 weeks ended 1 May 2010 £78.9 million). Net debt excluding restricted funds totalled £333.5 million (24 weeks ended 17 October 2009 £259.2 million, 52 weeks ended 1 May 2010 £299.5 million).

Notes to the Interim Financial Statements (continued)

8 Discontinued operations

On 19 May 2009 the Group disposed of its operations in Hungary to EW Electro Retail Limited for consideration of €1. On 1 September 2009 the Group disposed of its operations in Poland to IDMSA Brokerage House, working with Mix Electronics S.A., for consideration of €1.

Loss after tax and cash flows from discontinued operations related to Poland and Hungary.

(a) Loss after tax – discontinued operations

	24 weeks ended 16 October 2010 £million	24 weeks ended 17 October 2009 £million	52 weeks ended 1 May 2010 £million
Loss after tax from discontinued operations	-	(3.0)	(3.0)
Net loss on disposals	-	(5.7)	(5.7)
Loss after tax - discontinued operations	-	(8.7)	(8.7)

(b) Net loss on disposals

The total net assets disposed in 2009/10 were as follows:

	Hungary £million	**Poland £million**	**Total £million**
Inventories	6.9	8.0	14.9
Cash and cash equivalents	5.0	1.2	6.2
Other assets	1.3	2.4	3.7
Current liabilities	(3.2)	(3.5)	(6.7)
Provisions	(11.2)	(6.1)	(17.3)
Net (liabilities) / assets disposed	(1.2)	2.0	0.8
Loss on disposals	(1.0)	(4.7)	(5.7)
	(2.2)	(2.7)	(4.9)
Consideration	-	-	-
Disposal fees and exit costs	(1.2)	(1.9)	(3.1)
Cumulative foreign exchange differences transferred from equity	(1.0)	(0.8)	(1.8)
Consideration and costs	(2.2)	(2.7)	(4.9)

Disposal fees mainly comprised fees payable to advisors. Exit costs mainly comprised asset write downs and impairments, together with associated termination costs.

9 Retirement benefit obligations

The Group operates a number of defined contribution and defined benefit pension schemes. The Group's principal pension scheme operates in the UK and includes a funded defined benefit section whose assets are held in a separate trustee administered fund. The defined benefit section was closed to future accrual on 30 April 2010. The net obligation of the defined benefit section of this scheme, calculated in accordance with IAS 19, is analysed as follows:

	16 October 2010 £million	17 October 2009 £million	1 May 2010 £million
Present value of defined benefit obligations	**(965.0)**	(927.0)	(929.4)
Fair value of plan assets	**685.7**	635.3	665.9
Net obligation	**(279.3)**	(291.7)	(263.5)

The value of obligations is particularly sensitive to the discount rate applied to liabilities at the assessment date as well as mortality rates. The value of the plan assets is sensitive to market conditions, particularly equity values. The assumptions used in the valuation of obligations are listed below:

Rates per annum		**16 October 2010**	17 October 2009	1 May 2010
Discount rate		**5.2%**	5.5%	5.5%
Rate of increase in pensionable salaries	- up to April 2010	**n/a**	3.8%	3.6%
	- thereafter	**n/a**	4.3%	3.6%
Rate of increase in pensions in payment /	- pre April 2006	**3.2%**	3.3%	3.5%
deferred pensions	- post April 2006	**2.2%**	2.5%	2.3%
Inflation		**3.3%**	3.3%	3.6%

Mortality rates are based on historical experience and standard actuarial tables and include an allowance for future improvements in longevity.

10 Contingent liabilities

	16 October 2010 £million	17 October 2009 £million	1 May 2010 £million
Guarantees	**-**	54.5	54.5
Other	**6.6**	3.1	8.1
	6.6	57.6	62.6

Guarantees comprised potential obligations to financial institutions in respect of activities undertaken in the normal course of business and relate to amounts utilised under letter of credit facilities. Other contingent liabilities include guarantees and indemnities relating to businesses disposed of in prior periods. In addition to the figures shown in the table above, contingent liabilities also exist in respect of lease covenants relating to premises assigned to third parties.

Principal Risks and Uncertainties

Risks to achieving the Group's objectives for the remainder of the financial year together with estimates, judgments and critical accounting policies remain those set out in the 2009/10 Annual Report and Accounts on pages 22 and 23 and in note 1.19 to the financial statements, respectively.

A summary of the risks is as follows:

- **Economic environment:** Risk that a prolonged economic downturn, particularly in the UK, severely impacts our business.
- **Meeting customer needs:** Risk that our retail brands fail to meet the expectations of our customers.
- **Competition:** Risk that competitors reduce the Group’s market share and/or drive down margins in specific markets.
- **Market margin pressure:** Risk that margins are reduced due to falling consumer demand, manufacturer supply, competitors, regulation and tax.
- **Changes in supplier credit:** Risk that credit insurance is no longer available to electrical and computing suppliers.
- **Employees:** Risk that we fail to attract, develop and retain the necessary talent for our business.
- **Changing technology/consumer preferences:** Risk that we fail to capitalise on new technology or emerging trends to maximise revenues.
- **Finance and Treasury:** Risk that the Group’s exposure to exchange rate, interest rate, liquidity and credit risks have an adverse or unexpected impact on results, funding requirements or purchasing ability.
- **Pension Risk and Policies:** Risk that the pension funding policy fails to react to or address deficits, which may arise on the Group’s pension schemes.
- **Systems Failure:** Risk that a key system becomes unavailable for a period of time.
- **Legislative, contractual, reputational and regulatory risks:** Risk that we suffer reputational and/or financial damage as a result of an exposure in our compliance activities (e.g. competition, consumer rights, intellectual property, contractual obligations, health & safety or compromise of customer confidentiality data).
- **Project delivery:** Risk that a project delivering an element of our Renewal and Transformation plan does not deliver its anticipated benefits.
- **Seasonality:** A substantial proportion of revenue and operating profit is generated during the third financial quarter, which includes the Christmas and New Year season. In addition, in southern Europe a second peak exists in the summer period through sale of air conditioning units.
- **Price deflation:** Price deflation has been a common feature across most electrical goods categories for a number of years, primarily driven by technological advances and improved efficiencies in production throughout the life cycle of a product.
- **Quality and location of store portfolio:** This is a key contributor to the Group’s performance and growth strategy.
- **Damage to property and consequential business interruption:** The Group’s ability to distribute merchandise to its stores and to sell and distribute merchandise to its customers is reliant on its operational infrastructure, particularly the efficient functioning of its distribution centres and distribution network.
- **Change in government policy:** The Group is subject to a range of legal and regulatory requirements originating from the UK and European Union.

In addition, the outlook section of this interim statement provides a commentary by the Chief Executive concerning the remainder of the financial year.

The directors have prepared the interim financial information on a going concern basis. In considering the going concern basis, the directors have considered the above mentioned risk factors, especially in the context of the continuing difficult consumer and retail environment and how these might influence the Group’s objectives and strategy which are set out in the Directors’ Report section of 2009/10 Annual Report and Accounts. After reviewing the performance of the business, the Group’s expenditure requirements, current financial projections and expected future cash flows, together with the available cash resources and undrawn committed borrowing facilities, the directors consider that the Group has significant covenant and liquidity headroom in its borrowing facilities and accordingly has adequate resources for the Group to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities

The directors confirm that to the best of their knowledge:

- The interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union;
- The financial highlights, review of business performance and interim financial information include a fair review of the information required by DTR 4.2.7R (indication of important events during the first 24 weeks and description of principal risks and uncertainties for the remaining 28 weeks of the year); and
- The financial highlights and review of business performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

At the date of this statement, the directors are those listed in the Group's 2009/10 Annual Report and Accounts with the exception of Dharmash Mistry who was appointed on 27 September 2010.

By order of the Board

John Browett
Chief Executive
25 November 2010

Nicholas Cadbury
Group Finance Director
25 November 2010

Independent Review Report

To Dixons Retail plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements for the 24 weeks ended 16 October 2010 which comprises the consolidated income statement, the consolidated statement of comprehensive income and expense, the consolidated balance sheet, the consolidated cash flow statement, the statement of changes in equity and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the condensed set of financial statements contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed set of financial statements for the 24 weeks ended 16 October 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the UK Financial Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
25 November 2010

Additional Information

Retail store data

	Number of stores			Selling space '000 sq ft		
	16 October 2010	17 October 2009	1 May 2010	**16 October 2010**	17 October 2009	1 May 2010
UK & Ireland						
UK	**625**	666	654	**7,637**	7,570	7,582
Ireland	**28**	31	29	**320**	327	307
Total UK & Ireland	**653**	697	683	**7,957**	7,897	7,889
Nordics						
Norway	**124**	114	121	**1,587**	1,408	1,506
Sweden	**70**	68	69	**1,327**	1,196	1,299
Finland	**39**	38	39	**616**	584	616
Denmark	**31**	27	28	**520**	474	481
Iceland	**3**	3	3	**32**	32	32
Islands	**9**	9	9	**127**	127	127
Total Nordics *	**276**	259	269	**4,209**	3,821	4,061
Other International						
Italy *	**157**	153	158	**2,247**	2,356	2,314
Greece *	**101**	101	103	**1,020**	1,126	1,147
Spain	**32**	32	32	**408**	408	408
Turkey *	**15**	10	11	**430**	314	367
Southern Europe	**305**	296	304	**4,105**	4,204	4,236
Czech Republic	**17**	16	16	**435**	437	426
Slovakia	**3**	3	3	**57**	57	57
Central Europe	**20**	19	19	**492**	494	483
Total Other International	**325**	315	323	**4,597**	4,698	4,719
GRAND TOTAL	**1,254**	1,271	1,275	**16,763**	16,416	16,669

* Includes franchise stores.

Shareholder Information

Registered office
Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG. Registered No. 3847921. www.dixonsretail.com.

Registrars and transfer office
Capita IRG plc, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA.
Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open Monday to Friday 8.30am to 5.30pm). If calling from abroad the number is +44 (0)20 8639 3399. The website address is www.capitaregistrars.com

Joint brokers
Citigroup Global Markets, JP Morgan Cazenove.

Shareholder enquiries
Shareholders can access shareholding details over the internet on our Registrars' website as above. As well as checking name, address and shareholding details in the Shareholder Help section, you can download change of address, dividend mandate and stock transfer forms. This is a secure site and you will need to register first. Please follow the simple instructions on the website. So that the system can validate your enquiries an Investor Code is required. This is a numerical account number and can be found on both your share certificate and your dividend tax counterfoil.

Share dealing service
On-line and telephone share dealing services are available through our Registrars, providing easy access and simple to use services. There is no need to pre-register and the facilities allow you to trade in "real time" and at a known price which will be given to you at the time you give your instruction. In order to deal via these facilities you will need your Investor Code (see above) as well as stating your surname, full postcode and date of birth. Details of the on-line dealing service are available on www.capitadeal.com and the telephone dealing service is on 0871 664 0454 (calls cost 10p per minute plus network extras). Lines are open Monday to Friday 8.30am to 4.30pm.

JP Morgan Cazenove operates a postal share dealing service for private investors who wish to buy or sell the Company's shares. Details are available from JP Morgan Cazenove. Tel: 020 7155 5328.

CREST
The Company's shares are traded on CREST. CREST is a voluntary system which enables shareholders to hold and transfer their shareholdings electronically rather than by paper. Shareholders holding shares in this way can opt to receive their dividends through the CREST system.

Unsolicited mail
The Company is obliged to make its share register available to third parties on payment of a prescribed fee. This may result in shareholders receiving unsolicited mail. If you wish to limit the receipt of unsolicited mail you should write to: The Mailing Preference Service, FREEPOST 22, London W1E 7ER or register on their website at www.mpsonline.org.uk

ShareGift
The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. Details of the scheme are available on the ShareGift website, www.sharegift.org.

Financial calendar

2010/11 preliminary annual results announcement:	23 June 2011
2010/11 annual report and accounts publication:	July / August 2011
Annual General Meeting:	7 September 2011

Alternative Format

If you would like this Interim Statement or any other shareholder documentation in an alternative format, please send a request to corporate.affairs@dixonsretail.com or telephone 00 44 (0)844 800 2030.

If you wish to receive hard copies of all documents in the future please contact Capita Registrars and they will record this preference against your name on the share register. You can contact Capita Registrars, Shareholder Administration Support, 34 Beckenham Road, Beckenham, Kent BR3 9ZA.

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