

Dixons Retail plc
Interim Statement
2011/12

Bringing life to technology



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Highlights

Interim results ahead of expectations

Key Highlights

- Total Group sales up 1%.
- Growing share across most markets, particularly in the UK and Nordics.
- Low cost operating model delivering Group performance ahead of expectations.
- Customer satisfaction and advocacy measures continue to show encouraging progress, particularly in the UK.
- Net debt reduced to £143.2 million from £215.1 million year on year.
- £60 million of cost reductions on track for the current year as part of the three year £150 million cost reduction programme.

Financial Highlights

- Total Underlying Group sales^{(1) (2)} up 1% to £3.29 billion (2010/11 £3.27 billion) and down 2% on a constant currency basis.
- Total Group sales, including those from the closed business, were £3.30 billion (2010/11 £3.35 billion).
- Group like for like sales⁽³⁾ down 5%.
- Underlying Group gross margins down 0.6%, UK & Ireland gross margin up 0.2%.
- Total profit before tax of £2.4 million (2010/11 loss of £11.4 million), after non-underlying items of £27.7 million.
- Underlying pre-tax loss of £25.3 million (2010/11 loss of £6.9 million).
- Underlying diluted loss per share 0.7 pence (2010/11 nil). Basic earnings per share for continuing operations 0.1 pence (2010/11 loss per share of 0.1 pence).

Breakdown of sales by quarter:-

	Q1, 12 weeks to 23 July			Q2, 12 weeks to 15 October		
	Total sales (sterling)	Total sales (local currency)	Like for like sales	Total sales (sterling)	Total sales (local currency)	Like for like sales
UK & Ireland	(9)%	(9)%	(10)%	(2)%	(2)%	(5)%
Nordics	+15%	+5%	+4%	+16%	+11%	+6%
Other International	+3%	Flat	(6)%	+1%	+2%	(4)%
Pure play e-commerce	(11)%	(16)%	(16)%	(14)%	(16)%	(16)%
Total Group	(1)%	(4)%	(7)%	+2%	Flat	(3)%

FINANCIAL SUMMARY

Underlying sales and profit analysis

	Note	Underlying sales				Underlying profit / (loss)	
		24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	Currency Neutral % change	Like for like % change	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million
UK & Ireland	(4)	1,529.7	1,616.0	(5)%	(8)%	(3.9)	(10.7)
Nordics	(5)	994.3	860.4	+8%	+5%	42.1	45.0
Other International	(6)	496.9	485.6	+1%	(5)%	(19.7)	(11.5)
Pure play e-commerce	(7)	270.8	310.1	(16)%	(16)%	(7.4)	(0.8)
Central Costs						(6.2)	(7.4)
Total Group Retail		3,291.7	3,272.1	(2)%	(5)%	4.9	14.6
Property losses						(10.6)	(5.7)
Underlying Group EBIT	(8)					(5.7)	8.9
Underlying net finance costs						(19.6)	(15.8)
Group underlying loss before tax						(25.3)	(6.9)

Notes

- Throughout this statement, references are made to 'underlying' performance measures. Underlying results are defined as excluding trading results from 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. 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.
- Closed business comprises the operations of PC City Spain.
- 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 closed for refurbishment are excluded during the period of closure. All Pure play e-commerce pick up store sales are included in like for like sales.
- UK & Ireland comprises Currys, CurrysDigital, Dixons Travel, PC World, combined 2-in-1 Currys and PC World, operations in Ireland, DSGi Business and KNOWHOW. Like for like sales exclude DSGi Business.
- Nordics comprises the Elkjøp group and Dixons Travel Denmark.
- Other International comprises Greece (Kotsovolos), Italy (Unieuro, combined 2-in-1 Unieuro and PC City stores and Dixons Travel Italy), Czech Republic (ElectroWorld), Slovakia (ElectroWorld) and Turkey (ElectroWorld).
- Pure play e-commerce division comprises Dixons.co.uk and PIXmania.
- Underlying Earnings Before Interest and Tax (EBIT) equates to underlying operating profit and is defined as underlying earnings from retail operations, after property losses, before deduction of net finance costs and tax.
- Free Cash Flow relates to continuing operations and comprises net cash flow from operating activities before special pension contributions, less net interest paid, less income tax paid and net capital expenditure.
- Currency neutral change percentage reflects the year on year growth or decline in Underlying Sales, calculated excluding the effect of currency movements.
- 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 up 1% at £3,291.7 million (2010/11 £3,272.1 million) and down 5% on a like for like basis, outperforming local markets in general. Underlying Group sales were down 2% at constant exchange rates. Underlying losses before interest and tax were £5.7 million (2010/11 profit of £8.9 million). Underlying loss before tax was £25.3 million (2010/11 loss of £6.9 million). Group gross margins were down 0.6% across the half.

UK & IRELAND

The service led business model has enabled the UK & Ireland division to deliver an encouraging financial performance with losses significantly reduced year on year, despite the challenging market conditions.

Total sales in the UK & Ireland division were down 5% to £1,529.7 million (2010/11 £1,616.0 million) and like for like sales were down 8% in the half. Like for like sales in the second quarter were down 5%, showing an improving trend through the half. Underlying operating losses for the first half were reduced year on year to £3.9 million (2010/11 loss of £10.7 million).

The work under the Renewal and Transformation plan to improve stock management has enabled the Group to work better with suppliers as they increasingly look to engage customers with products through our service led multi-channel model. The financial performance also benefitted from the work done to reduce costs and improve operational efficiencies. As a result gross margins have improved through the period and were up 0.2% in the first half.

The anniversary of the World Cup and iPad launch presented a tough start to the year which was followed by a good back to school period. White goods held up well with the significant majority of business being replacement. Computing has been supported by the developing replacement cycle for laptops as well as by tablets with the iPad 2 and Android based tablets selling strongly. Televisions, whilst lapping very tough comparatives from last year, remained particularly weak.

Services continue to benefit from the launch of KNOWHOW with its improved proposition for customers. A number of further improvements to the service offering have been introduced, such as cloud back-up services and Infinity for tablets which provides customers with a tablet plus KNOWHOW services for a monthly fee and enables them to update their tablet every two years.

Alongside this, the business has developed improved customer journeys for each category. In vision, an enhanced customer journey to help customers understand the increasing number of options available in televisions has been developed, ensuring customers purchase the right product with the right features, benefits and accessories for their needs. In computing, specific merchandising has been designed to explain the features and benefits of selected products together with additional accessories and services to help customers more easily find a solution for their needs.

With 255 stores refitted, including 35 Megastores, revenues representing approximately two thirds of the total sales in the UK & Ireland will be transacted through new format stores over Peak this year.

The changes being made are increasingly being recognised by customers. Surveys show increasing customer satisfaction measures with, for example, advocacy (highly likely to recommend) rising steadily by 28 percentage points over the last 12 months to 71%.

Dixons Travel continues to perform well. The new format now rolled out across all of Dixons Travel's stores delivers a better range and store experience for customers, including a focus on portable items and accessories. With operations now in Denmark and Italy as well as the UK & Ireland, Dixons Travel continues to explore further opportunities in airport locations across Europe.

Dixons.co.uk is operated as an integral part of our multi-channel offer in the UK & Ireland. It provides the business with a pure play operation supporting the multi-channel offer, as well as providing customers with further choices for their shopping trip. While Dixons.co.uk is currently reported as part of the pure play e-commerce division it does not reflect its operational structure and as such will, in future, be reported as part of the UK & Ireland operations. A re-statement of the divisional results will be provided in due course.

Operations in Ireland continue to trade well out of new format stores. There has been some recovery in sales in the market as the Irish economy has rebased itself.

NORDICS

The Nordic division continues to perform well. Elkjøp saw sales grow by 8% at constant exchange rates, while in sterling underlying sales grew by 16% to £994.3 million (2010/11 £860.4 million). Like for like sales were up 5%. Underlying operating profits were £42.1 million (2010/11 £45.0 million).

Management continue to drive the Elkjøp business hard, investing gross margins in growing market share. The business has delivered particularly strong performances in Denmark and Finland during the first half. Sweden continues to be a very competitive market, but Elkjøp has gained share as the market starts to consolidate.

Elkjøp's highly efficient central operating structure has enabled it to achieve a cost to sales ratio of approximately 19%. This enables it to leverage its scale across the markets in which it operates to deliver market leading value for customers.

Elkjøp now operates 24 Megastores which continue to perform particularly well. It also has 42 reformatted Superstores.

OTHER INTERNATIONAL

This division comprises operations in Italy, Greece, Turkey, the Czech Republic and Slovakia. Total sales were up 1% at constant exchange rates and by 2% in sterling to £496.9 million (2010/11 £485.6 million), with like for like sales down 5%, largely as a result of the weak economic environments being experienced in Greece and Italy. Underlying operating loss was £19.7 million (2010/11 loss of £11.5 million).

Italy

The turnaround plan at Unieuro in Italy has improved the business and has enabled it to improve its customer offer and trade ahead of its competitors. The economic instability across Southern Europe has inevitably led to a tough trading environment. In response the business is taking actions to reduce costs, the benefits of which will be delivered in the second half of the financial year. Unieuro now operates 24 new format stores which continue to deliver good uplifts versus the base estate. Many of these refurbishments have been delivered at relatively low cost and further refurbishments will occur throughout the financial year.

Greece

The economic environment in Greece continues to be challenging. Kotsovolos remains the market leader and is able to leverage its market position and strong supplier relationships to grow its market shares in the difficult trading environment. Gross margins were lower, largely as a result of lower commissions on sales on credit as well as actions to prudently manage credit sales with the third party provider. Further action on costs has limited the impact of the weak sales environment on the business's financial performance.

The Czech Republic and Slovakia (Central Europe)

Total sales in the Czech Republic and Slovakia were up 11% in local currency, strongly ahead of their combined markets. 14 stores have now been reformatted into the Group's new format under the Renewal and Transformation plan, and investments have been made in improving in-store service for customers as well as colleague training. These operations are now being managed alongside the Nordic operations which will enable it to benefit from the Nordic operating model. Going forward Central Europe will be reported as part of the Nordic operation. A re-statement of the divisional results will be provided in due course.

Turkey

The Group now operates 16 stores in Turkey, as well as 9 franchise stores. Total sales grew by 74% in local currency while like for like sales were up 25% in a growing market. Franchising presents a significant opportunity to roll out the ElectroWorld brand across Turkey, particularly in large conurbations geographically spread across the country. It also enables rapid market share growth and brand penetration for no additional capital cost. The business remains on target to open up to 15 franchise stores over the next 12 months.

PURE PLAY E-COMMERCE

This division currently comprises PIXmania and Dixons.co.uk. Total sales were £270.8 million (2010/11 £310.1 million) with like for like sales down 16%. Underlying operating loss was £7.4 million (2010/11 loss of £0.8 million). As discussed above, in future Dixons.co.uk will be reported as part of the UK & Ireland division. Going forward the Pure play e-commerce division will comprise the operations of PIXmania only.

In its core European markets (France, Italy, Portugal, Spain and Sweden), PIXmania continues to perform well relative to weak markets impacted by the economic slowdown. The photography and camcorder categories remain a significant proportion of the sales mix and the supply of these categories has been affected by the disruption in Japan earlier in the year, impacting PIXmania's financial performance. In addition PIXmania has been investing in the business as it transforms its operating model and develops its activities. Developments so far have included:

- Steady growth in new categories underpinning its multi-specialist positioning. Over the past three years, PIXmania has widened its product categories by launching white goods, baby care, toys, gadgets and luggage. More recently it has added sports items as well as beds and mattresses;
- PIXplace, PIXmania's market place, has grown strongly and now has over 1,500 active third party resellers offering over 1.5 million products through the PIXmania website in 5 countries. Alongside PIXmania's own growing categories, PIXplace provides customers with a wider choice of products, as well as a revenue stream for PIXmania;

- Extending its store network to 17 PIXmania branded stores which provide customers in major cities with a state-of-the-art multi-channel offering. To support this growth, PIXmania is recruiting experienced retail operators to reinforce its existing team as well as leveraging the Group's know-how;
- Further investments in E-merchant, its market leading e-commerce platform for third party customers. The success of this investment was realised with the announcement on 30 June 2011 that PIXmania had entered into an agreement with Carrefour to develop its European non-food internet offer. The new Carrefour website went live on 21 November 2011; and
- PIXmania opened an operational centre in Brno in the Czech Republic earlier this year. This office supports PIXmania's capabilities in R&D, service support and business development for Central Europe countries, while reducing costs.

FINANCIAL POSITION

Many of the markets in which the Group operates remain challenging. In spite of this the Group has delivered a robust performance against the financial priorities of profitability and strengthening the balance sheet:

- Exit of loss making operations of PC City in Spain completed;
- Completion of sale and leaseback of Swedish warehouse in June, raising £58 million;
- Group gross margins were down 0.6% in the first half following an improved performance in the second quarter;
- On target to reduce costs by £60 million in the year, as part of the three year £150 million cost reduction programme;
- Significant headroom maintained on the Group's £360 million revolving credit facility (the "RCF") throughout the year, with the facility unused at the interim date;
- Agreement reached with the trustee of the UK defined benefit scheme following the triennial valuation with an 11 year deficit reduction plan, with payments of £16 million to be made in 2011/12 and £20 million in 2012/13;
- Positive Free Cash Flow before restructuring items of £104.7 million was generated;
- Net debt was reduced to £143.2 million compared to £206.8 million at the end of the 2010/11 financial year.

FREE CASH FLOW

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million
Underlying loss before tax	(25.3)	(6.9)
Closed business loss before tax	(2.7)	(1.0)
Depreciation & amortisation	61.8	58.8
Working capital	63.6	98.6
Taxation	(8.4)	(18.2)
Capital expenditure	(61.0)	(112.7)
Proceeds from sale of property	65.8	-
Other items	10.9	5.6
Free Cash Flow before restructuring items	104.7	24.2
Net restructuring	(32.1)	(12.8)
Free Cash Flow	72.6	11.4

Free Cash Flow was £72.6 million (2010/11 Free Cash Flow of £11.4 million). The improved cash result arose primarily from the disposal of the Jönköping warehouse in Sweden, and lower levels of capital expenditure year on year.

Working capital inflow since the start of the year was £63.6 million. This partly reflects the normal cyclical increase in activity at this point in the year, but also the significant improvements that have been made to stock management, while still improving availability, range and promotion management. These were partly offset by:-

- The unwind of the impact of cash flow timing at year end (associated with the additional UK bank holiday on 29 April)
- The impact of £13.1 million unwind of working capital, resulting from the closure of the operations in Spain.

Overall Group stock levels were down 12% year on year.

Net restructuring reflects the cash outflows relating to the strategic reorganisation activities as announced in previous years. This year these predominantly comprise costs of £23.8 million associated with the closure of operations in Spain.

FUNDING

At 15 October 2011 the Group had net debt of £143.2 million, compared with net debt of £215.1 million at 16 October 2010 and £206.8 million at the end of the 2010/11 financial year.

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million
Opening net debt	(206.8)	(220.6)
Free Cash Flow	72.6	11.4
Acquisitions	(0.9)	-
Special pension contribution	(6.0)	(6.0)
Other items	(2.1)	0.1
Other movements in net funds	(9.0)	(5.9)
Closing net debt	(143.2)	(215.1)

Net debt is stated inclusive of restricted funds of £111.5 million (2010/11 £118.4 million), which predominantly comprise funds held under trust for potential Customer Support Agreement liabilities.

The improvement in net debt was due to the Free Cash Flow generated, partly offset by £6.0 million paid to the UK Pension Scheme under the terms of the deficit reduction plan. As a result of the improved funding position, the Group's £360 million Revolving Credit Facility was unutilised at the interim date. It remains the Group's objective to continue to reduce the financial borrowings of the Group as the 2012 and 2015 Bonds mature.

ADJUSTMENTS TO UNDERLYING RESULTS

Underlying loss before tax is reported before net non-underlying income before tax of £27.7 million. A further explanation of these items is shown below:

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million
Underlying loss before tax	(25.3)	(6.9)
Add / (deduct) non-underlying items:		
Non-underlying items:		
Trading results from closed business	(2.5)	(0.7)
Amortisation of acquired intangibles	(1.9)	(1.8)
Net restructuring charges	(1.4)	(1.8)
Profit on sale of Swedish warehouse	37.2	-
Other items	(2.4)	-
Financing items:		
Closed business	(0.2)	(0.3)
Net fair value remeasurements	(1.1)	0.1
Accelerated amortisation of facility fees	-	(7.8)
Net 2012 Bond redemption gains	-	7.8
Total net non-underlying income / (charges)	27.7	(4.5)
Profit / (loss) before tax	2.4	(11.4)

- Amortisation of acquired intangibles of £1.9 million predominantly comprises brand names, with the year on year change being affected by currency movements.
- Net restructuring charges relate to the exceptional elements of the UK business transformation and for the current period comprise severance costs (prior period comprised accelerated depreciation charges associated with the reformat of the UK & Ireland store portfolio).
- Profit of £37.2 million arising on the sale (and subsequent leaseback) of the Group's Nordic distribution centre in Jönköping, Sweden.
- Other items of £2.4 million comprise:
 - Costs of £4.0 million relating to the UK riots with such costs relating mainly to stock write offs and repair costs to damaged properties; and
 - An upwards revaluation of £1.6 million (required by accounting standards) of a small Nordic associate shareholding following the acquisition of the remaining shares in that entity.
- The financing charge comprises the following elements:
 - £0.2 million of interest charges relating to the closed business of PC City in Spain;
 - £1.1 million of net fair value remeasurement losses on revaluation of financial instruments as required by IAS 32 and 39; and
 - The prior period also included gains and charges relating to the refinancing that occurred in July 2010.

PROPERTY LOSSES

Underlying property losses were £10.6 million (2010/11 loss of £5.7 million), in line with expectations. These mainly comprise store re-site and store asset disposal costs associated with the Renewal and Transformation plan, predominantly in the UK and Nordics.

UNDERLYING NET FINANCE COSTS

Underlying net finance costs were £19.6 million (2010/11 £15.8 million). The increase in costs was primarily due to:

- The effect of the higher coupon rate on the 2015 Bonds, which were issued part way through the first half of the prior year.
- A net foreign exchange loss compared to a net gain in the prior year.

TAX

The Group's underlying tax charge is based on current expectations of the tax charge to be incurred on full year earnings which equates to an effective rate of 49% (2010/11 full year 37%). The increase in the full year tax rate reflects increased losses where no tax benefit has been recognised and the non-recurrence of one off releases in the prior year of surplus tax provisions following favourable outcomes. Despite the loss, a charge arises in the first half owing to the mix of profits and losses in the different jurisdictions in which the Group operates compared with the equivalent mix for the full year together with the recognition of certain one off items which fall within the 24 week period.

PENSIONS

At 15 October 2011, the IAS 19 accounting deficit of the defined benefit section of the UK pension scheme amounted to £219.2 million compared to £244.0 million at 30 April 2011 and £279.3 million at 16 October 2010. The assumptions used for determining the accounting valuation use a consistent basis to that adopted at 30 April 2011 which build from the most recent actuarial valuation as at 31 March 2010.

The overall reduction is largely as a result of a decrease in liabilities which were affected by a lower expectation of long term inflation, only partly offset by a decrease in the discount rate which increases the liabilities.

A full triennial actuarial valuation of the UK defined benefit pension scheme as at 31 March 2010 showed a shortfall of assets compared with liabilities of £239.0 million. Since the year end, this shortfall and the associated recovery plan have been agreed with the trustee. The recovery plan based on this valuation commenced in 2010/11 with payments of £12 million which rise to £16 million in 2011/12, £20 million in 2012/13 and 2013/14 and rising thereafter to £35 million by 31 March 2021. The next triennial valuation is expected to commence in March 2013.

OUTLOOK

Our focus on building a service-led business model is differentiating our offer for customers and suppliers. In what remains a challenging environment, the pace and impact of improvements in our operating model is driving outperformance versus our competitors and market share gains. While we remain cautious about the economic outlook for the second half of the year, we are well positioned and remain focused on delivering world-class Value, Choice and Service for customers. We will continue to build our KNOWHOW service to further differentiate our offering. We are confident that customers will benefit from fantastic festive deals across an exciting range of technologies from our knowledgeable store colleagues this Christmas.



John Browett

Chief Executive

24 November 2011

Consolidated Income Statement

24 weeks ended 15 October 2011

Unaudited

	Note	Underlying* £million	Non-underlying*		Total £million
			Closed business** £million	Other £million	
Continuing operations					
Revenue	2	3,291.7	5.5	-	3,297.2
(Loss) / profit from operations before associates		(5.3)	(2.5)	31.5	23.7
Share of post tax results of associates		(0.4)	-	-	(0.4)
Operating (loss) / profit	2,3	(5.7)	(2.5)	31.5	23.3
Finance income		26.4	0.1	2.3	28.8
Finance costs		(46.0)	(0.3)	(3.4)	(49.7)
Net finance costs	4	(19.6)	(0.2)	(1.1)	(20.9)
(Loss) / profit before tax					
		(25.3)	(2.7)	30.4	2.4
Income tax (expense) / credit	5	(2.3)	-	(0.1)	(2.4)
(Loss) / profit after tax – continuing operations		(27.6)	(2.7)	30.3	-
Loss after tax – discontinued operations	9	-	-	-	-
(Loss) / profit for the period					
		(27.6)	(2.7)	30.3	-
Attributable to:					
Equity shareholders of the parent company		(24.7)	(2.7)	30.5	3.1
Non-controlling interests		(2.9)	-	(0.2)	(3.1)
		(27.6)	(2.7)	30.3	-
Earnings / (loss) per share (pence)					
	6				
Basic - total					0.1p
Diluted - total					0.1p
Basic - continuing operations					0.1p
Diluted - continuing operations					0.1p
Underlying (loss) / earnings per share (pence)					
	1,6				
Basic - continuing operations		(0.7)p			
Diluted - continuing operations		(0.7)p			

* 'Underlying' (loss) / profit 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.

** Closed business relates to PC City Spain which was closed at the end of June 2011. This operation does not meet the definition of discontinued operations as stipulated by IFRS 5 and accordingly the disclosures within non-underlying items differ from those for applicable discontinued operations.

24 weeks ended 16 October 2010				52 weeks ended 30 April 2011			
Unaudited				Audited			
Underlying* £million	Non-underlying*			Underlying* £million	Non-underlying*		
	Closed business** £million	Other £million	Total £million		Closed business** £million	Other £million	Total £million
3,272.1	77.9	-	3,350.0	8,154.4	187.4	-	8,341.8
9.6	(0.7)	(3.6)	5.3	128.0	(7.7)	(298.1)	(177.8)
(0.7)	-	-	(0.7)	(0.4)	-	-	(0.4)
8.9	(0.7)	(3.6)	4.6	127.6	(7.7)	(298.1)	(178.2)
29.1	-	11.3	40.4	58.9	-	12.5	71.4
(44.9)	(0.3)	(11.2)	(56.4)	(101.2)	(0.8)	(15.3)	(117.3)
(15.8)	(0.3)	0.1	(16.0)	(42.3)	(0.8)	(2.8)	(45.9)
(6.9)	(1.0)	(3.5)	(11.4)	85.3	(8.5)	(300.9)	(224.1)
3.1	-	0.9	4.0	(31.4)	-	12.3	(19.1)
(3.8)	(1.0)	(2.6)	(7.4)	53.9	(8.5)	(288.6)	(243.2)
-	-	-	-	-	-	(2.1)	(2.1)
(3.8)	(1.0)	(2.6)	(7.4)	53.9	(8.5)	(290.7)	(245.3)
(1.3)	(1.0)	(2.6)	(4.9)	58.8	(8.5)	(289.3)	(239.0)
(2.5)	-	-	(2.5)	(4.9)	-	(1.4)	(6.3)
(3.8)	(1.0)	(2.6)	(7.4)	53.9	(8.5)	(290.7)	(245.3)
			(0.1)p				(6.6)p
			(0.1)p				(6.6)p
			(0.1)p				(6.6)p
			(0.1)p				(6.6)p
-				1.6p			
-				1.6p			

Consolidated Statement of Comprehensive Income and Expense

	24 weeks ended 15 October 2011 Unaudited £million	24 weeks ended 16 October 2010 Unaudited £million	52 weeks ended 30 April 2011 Audited £million
Result / (loss) for the period	-	(7.4)	(245.3)
Actuarial gain / (loss) on defined benefit pension schemes	21.5	(19.2)	13.1
- UK			
- Other	(0.2)	(0.2)	(0.3)
Cash flow hedges:			
Fair value remeasurement gains / (losses)	0.1	(2.0)	(8.0)
Losses transferred to carrying amount of inventories	1.8	5.0	7.4
Losses transferred to income statement	2.2	2.8	6.7
Net investment hedges:			
Fair value remeasurement gains / (losses)	2.8	(1.1)	(4.9)
Investments:			
Fair value remeasurement (losses) / gains	(0.2)	0.2	0.2
Tax on items taken directly to equity	(8.7)	1.2	(8.5)
Currency translation movements	(11.3)	(17.7)	31.7
Net income / (expense) recognised directly in equity	8.0	(31.0)	37.4
Total recognised income / (expense) for the period	8.0	(38.4)	(207.9)
Attributable to:			
Equity shareholders of the parent company	11.8	(36.0)	(201.2)
Non-controlling interests	(3.8)	(2.4)	(6.7)
	8.0	(38.4)	(207.9)

Consolidated Balance Sheet

	Note	15 October 2011 Unaudited £million	16 October 2010 Unaudited £million	30 April 2011 Audited £million
Non-current assets				
Goodwill	7	970.1	1,103.4	970.8
Intangible assets		106.9	129.7	113.1
Property, plant and equipment		547.7	592.9	583.7
Investments in associates		2.9	24.9	3.4
Trade and other receivables		47.6	67.2	49.6
Deferred tax assets		167.6	184.4	163.4
		1,842.8	2,102.5	1,884.0
Current assets				
Inventories		1,010.1	1,147.5	960.9
Trade and other receivables		377.4	408.3	383.2
Income tax receivable		2.7	1.7	4.1
Short term investments		2.7	13.2	10.5
Cash and cash equivalents	8	275.4	278.5	334.7
		1,668.3	1,849.2	1,693.4
Total assets		3,511.1	3,951.7	3,577.4
Current liabilities				
Bank overdrafts	8	(4.9)	(0.3)	(5.6)
Borrowings	8	(1.5)	(88.0)	(130.0)
Obligations under finance leases		(2.8)	(2.8)	(3.1)
Trade and other payables		(1,749.7)	(1,900.1)	(1,644.2)
Income tax payable		(55.5)	(38.8)	(48.5)
Provisions		(18.2)	(23.3)	(44.4)
		(1,832.6)	(2,053.3)	(1,875.8)
Net current liabilities		(164.3)	(204.1)	(182.4)
Non-current liabilities				
Borrowings	8	(313.6)	(317.6)	(315.3)
Obligations under finance leases		(98.5)	(98.1)	(98.0)
Retirement benefit obligations	10	(222.7)	(282.7)	(247.3)
Other payables		(332.2)	(325.3)	(331.0)
Deferred tax liabilities		(16.1)	(18.2)	(17.6)
Provisions		(13.0)	(15.4)	(15.9)
		(996.1)	(1,057.3)	(1,025.1)
Total liabilities		(2,828.7)	(3,110.6)	(2,900.9)
Net assets		682.4	841.1	676.5
Capital and reserves				
Called up share capital		90.3	90.2	90.3
Share premium		169.5	169.4	169.5
Other reserves		(532.0)	(534.0)	(537.7)
Retained earnings		935.4	1,088.2	931.4
Equity attributable to equity holders of the parent company		663.2	813.8	653.5
Equity non-controlling interests		19.2	27.3	23.0
Total equity		682.4	841.1	676.5

Consolidated Cash Flow Statement

			24 weeks ended 15 October 2011 Unaudited £million	24 weeks ended 16 October 2010 Unaudited £million	52 weeks ended 30 April 2011 Audited £million
Operating activities - continuing operations					
Cash generated from operations	*	8	94.2	163.7	292.8
Special contribution to defined benefit pension scheme			(6.0)	(6.0)	(12.0)
Income tax paid	*		(8.4)	(18.2)	(26.2)
Net cash flows from operating activities			79.8	139.5	254.6
Investing activities - continuing operations					
Purchase of property, plant & equipment and other intangibles	*		(61.0)	(112.7)	(223.2)
Purchase of subsidiaries			(0.9)	-	-
Interest received	*		2.2	4.8	17.9
Decrease / (increase) in short term investments			7.6	(4.5)	(1.8)
Disposals of property, plant & equipment and other intangibles	*		65.8	-	2.0
Dividend received from associate			-	-	1.1
Net cash flows from investing activities			13.7	(112.4)	(204.0)
Financing activities - continuing operations					
Issue of ordinary share capital			-	-	0.2
Additions to finance leases			0.3	1.7	2.4
Capital element of finance lease payments			(2.0)	(0.8)	(1.5)
Interest element of finance lease payments	*		(2.9)	(3.4)	(7.0)
(Decrease) / increase in borrowings due within one year			(128.5)	(10.6)	31.8
Increase / (decrease) in borrowings due after more than one year			0.1	(4.9)	5.4
Interest paid	*		(17.3)	(22.8)	(46.3)
Investment from minority shareholder			-	1.1	1.1
Net cash flows from financing activities			(150.3)	(39.7)	(13.9)
(Decrease) / increase in cash and cash equivalents (i)					
Continuing operations			(56.8)	(12.6)	36.7
Discontinued operations		9	-	-	(0.1)
			(56.8)	(12.6)	36.6
Cash and cash equivalents at beginning of period	(i)	8	329.1	290.8	290.8
Currency translation differences			(1.8)	-	1.7
Cash and cash equivalents at end of period	(i)	8	270.5	278.2	329.1
Free Cash Flow	(ii)		72.6	11.4	10.0

(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 8.

(ii) Free Cash Flow comprises those items marked * and comprises cash generated from / (utilised by) continuing operations before special pension contributions, less net interest paid, 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 1 May 2011	90.3	169.5	(537.7)	931.4	653.5	23.0	676.5
Result for the period	-	-	-	-	-	-	-
Other comprehensive income and expense recognised directly in equity	-	-	5.7	6.1	11.8	(3.8)	8.0
Total comprehensive income and expense for the period	-	-	5.7	6.1	11.8	(3.8)	8.0
Share based payments	-	-	-	(2.1)	(2.1)	-	(2.1)
At 15 October 2011	90.3	169.5	(532.0)	935.4	663.2	19.2	682.4

	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 2 May 2010	90.2	169.4	(537.5)	1,124.4	846.5	28.6	875.1
Loss for the period	-	-	-	(245.3)	(245.3)	-	(245.3)
Other comprehensive income and expense recognised directly in equity	-	-	(0.2)	44.3	44.1	(6.7)	37.4
Total comprehensive income and expense for the period	-	-	(0.2)	(201.0)	(201.2)	(6.7)	(207.9)
Non-controlling interests - increase in capital	-	-	-	-	-	1.1	1.1
Ordinary shares issued	0.1	0.1	-	-	0.2	-	0.2
Share based payments	-	-	-	8.6	8.6	-	8.6
Tax on share based payments	-	-	-	(0.6)	(0.6)	-	(0.6)
At 30 April 2011	90.3	169.5	(537.7)	931.4	653.5	23.0	676.5

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

Notes to the Interim Financial Statements

1 Basis of preparation and accounting policies

The interim financial information for the 24 weeks ended 15 October 2011 was approved by the directors on 24 November 2011. 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 30 April 2011.

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the period were either not relevant or 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 30 April 2011 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 re-organisation or one-off type activities described above, however, there were no new exclusions in the 24 weeks ended 15 October 2011.

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 pure play 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 2010/11 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 comprises electrical and computing retail chains as well as business to business (B2B) activities. The division is engaged predominantly in multi-channel retail sales, associated peripherals and services and related financial and after sales services and also in B2B sales of computer hardware and software.
- Nordics operates in Norway, Sweden, Finland, Denmark, Iceland, Greenland and the Faroe Islands. The division engages in multi-channel retail sales and provides related product support services to its customers. It also engages in B2B sales of computer hardware, software and services. Across the region, the division operates a successful franchise business, typically in smaller markets.
- Other International comprises operations in Italy, Greece, the Czech Republic, Slovakia, Turkey and the closed business in Spain which is excluded from underlying results. The Other International division engages in retail sales (including multi-channel sales in some countries) and provides related product support services to its customers in all of its markets. It also engages in B2B sales of computer hardware, software and services in Italy and Greece and has franchise operations in Italy, Greece, the Czech Republic and Turkey.
- Pure play e-commerce comprises pure play online retailers and operates in all of the countries in which the other divisions operate and across Europe.

Discontinued operations comprise the Group's former operations in Hungary which were disposed in a prior period.

The closed business relates to PC City Spain whereby these operations were closed at the end of June 2011. Owing to its 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 & cash equivalents, borrowings, net retirement benefit obligations, derivative financial instruments and tax assets and liabilities.

Notes to the Interim Financial Statements (continued)

2 Segmental analysis (continued)

(a) Income Statement

	24 weeks ended 15 October 2011				
	External revenue £million	Intersegmental revenue £million	Revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	1,529.7	28.4	1,558.1	(3.9)	(9.3)
Nordics	994.3	0.8	995.1	42.5	81.3
Other International	502.4	0.5	502.9	(19.7)	(22.6)
Pure play e-commerce	270.8	1.8	272.6	(7.4)	(8.8)
Eliminations	-	(31.5)	(31.5)	-	-
	3,297.2	-	3,297.2	11.5	40.6
Share of post tax result of associates				(0.4)	(0.4)
Operating profit before central costs and property losses				11.1	40.2
Central costs				(6.2)	(6.4)
Property losses				(10.6)	(10.5)
Operating (loss) / profit				(5.7)	23.3
Finance income				26.4	28.8
Finance costs				(46.0)	(49.7)
(Loss) / profit before tax for the period				(25.3)	2.4

External revenue for Other International includes £5.5 million relating to the closed business.

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

	24 weeks ended 15 October 2011						
	Underlying profit / (loss) £million	Closed business £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Other items £million	Non-underlying financing items £million	Total profit / (loss) £million
UK & Ireland	(3.9)	-	(0.2)	(1.2)	(4.0)	-	(9.3)
Nordics	42.5	-	-	-	38.8	-	81.3
Other International	(19.7)	(2.6)	(0.3)	-	-	-	(22.6)
Pure play e-commerce	(7.4)	-	(1.4)	-	-	-	(8.8)
	11.5	(2.6)	(1.9)	(1.2)	34.8	-	40.6
Share of post tax result of associates	(0.4)	-	-	-	-	-	(0.4)
Operating profit before central costs and property losses	11.1	(2.6)	(1.9)	(1.2)	34.8	-	40.2
Central costs	(6.2)	-	-	(0.2)	-	-	(6.4)
Property losses	(10.6)	0.1	-	-	-	-	(10.5)
Operating (loss) / profit	(5.7)	(2.5)	(1.9)	(1.4)	34.8	-	23.3
Finance income	26.4	0.1	-	-	-	2.3	28.8
Finance costs	(46.0)	(0.3)	-	-	-	(3.4)	(49.7)
(Loss) / profit before tax for the period	(25.3)	(2.7)	(1.9)	(1.4)	34.8	(1.1)	2.4

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

	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	(11.5)	(12.5)
Pure play e-commerce	310.1	1.9	312.0	(0.8)	(2.1)
Eliminations	-	(27.3)	(27.3)	-	-
	3,350.0	-	3,350.0	22.7	18.4
Share of post tax result of associates				(0.7)	(0.7)
Operating profit before central costs and property losses				22.0	17.7
Central costs				(7.4)	(7.4)
Property losses				(5.7)	(5.7)
Operating profit				8.9	4.6
Finance income				29.1	40.4
Finance costs				(44.9)	(56.4)
Loss before tax for the period				(6.9)	(11.4)

External revenue for Other International includes £77.9 million relating to the closed business.

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

	24 weeks ended 16 October 2010					
	Underlying profit / (loss) £million	Closed business £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Non-underlying financing items £million	Total profit / (loss) £million
UK & Ireland	(10.7)	-	(0.2)	(1.8)	-	(12.7)
Nordics	45.7	-	-	-	-	45.7
Other International	(11.5)	(0.7)	(0.3)	-	-	(12.5)
Pure play e-commerce	(0.8)	-	(1.3)	-	-	(2.1)
	22.7	(0.7)	(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	22.0	(0.7)	(1.8)	(1.8)	-	17.7
Central costs	(7.4)	-	-	-	-	(7.4)
Property losses	(5.7)	-	-	-	-	(5.7)
Operating profit	8.9	(0.7)	(1.8)	(1.8)	-	4.6
Finance income	29.1	-	-	-	11.3	40.4
Finance costs	(44.9)	(0.3)	-	-	(11.2)	(56.4)
Loss before tax for the period	(6.9)	(1.0)	(1.8)	(1.8)	0.1	(11.4)

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

Notes to the Interim Financial Statements (continued)

2 Segmental analysis (continued)

(a) Income Statement (continued)

	52 weeks ended 30 April 2011				
	External revenue £million	Intersegmental revenue £million	Revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	3,816.1	57.8	3,873.9	71.3	50.4
Nordics	2,268.9	3.8	2,272.7	106.0	85.3
Other International	1,414.1	0.6	1,414.7	(21.6)	(153.8)
Pure play e-commerce	842.7	5.0	847.7	0.9	(120.8)
Eliminations	-	(67.2)	(67.2)	-	-
	8,341.8	-	8,341.8	156.6	(138.9)
Share of post tax result of associates				(0.4)	(0.4)
Operating profit / (loss) before central costs and property losses				156.2	(139.3)
Central costs				(15.8)	(26.1)
Property losses				(12.8)	(12.8)
Operating profit / (loss)				127.6	(178.2)
Finance income				58.9	71.4
Finance costs				(101.2)	(117.3)
Profit / (loss) before tax for the period				85.3	(224.1)

External revenue for Other International includes £187.4 million relating to the closed business.

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

	52 weeks ended 30 April 2011							
	Underlying profit / (loss) £million	Closed business £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Business impairment charges £million	Other items £million	Non underlying financing items £million	Total profit / (loss) £million
UK & Ireland	71.3	-	(0.4)	(5.6)	-	(14.9)	-	50.4
Nordics	106.0	-	-	-	(21.5)	0.8	-	85.3
Other International	(21.6)	(7.7)	(0.7)	-	(123.8)	-	-	(153.8)
Pure play e-commerce	0.9	-	(3.4)	-	(106.3)	(12.0)	-	(120.8)
	156.6	(7.7)	(4.5)	(5.6)	(251.6)	(26.1)	-	(138.9)
Share of post tax result of associates	(0.4)	-	-	-	-	-	-	(0.4)
Operating profit before central costs and property losses	156.2	(7.7)	(4.5)	(5.6)	(251.6)	(26.1)	-	(139.3)
Central costs	(15.8)	-	-	(11.5)	-	1.2	-	(26.1)
Property losses	(12.8)	-	-	-	-	-	-	(12.8)
Operating profit / (loss)	127.6	(7.7)	(4.5)	(17.1)	(251.6)	(24.9)	-	(178.2)
Finance income	58.9	-	-	-	-	-	12.5	71.4
Finance costs	(101.2)	(0.8)	-	-	-	-	(15.3)	(117.3)
Profit / (loss) before tax for the period	85.3	(8.5)	(4.5)	(17.1)	(251.6)	(24.9)	(2.8)	(224.1)

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

(b) Balance sheet

	24 weeks ended 15 October 2011				
	Segment assets £million	Investment in associates £million	Total segment assets £million	Segment liabilities £million	Net assets £million
UK & Ireland	1,995.5	-	1,995.5	(1,209.6)	785.9
Nordics	1,167.5	2.9	1,170.4	(607.2)	563.2
Other International	625.0	-	625.0	(1,251.9)	(626.9)
Pure play e-commerce	268.6	-	268.6	(356.3)	(87.7)
Central	1,535.0	-	1,535.0	(1,484.1)	50.9
Eliminations	(2,083.4)	-	(2,083.4)	2,083.4	-
Continuing operations	3,508.2	2.9	3,511.1	(2,825.7)	685.4
Discontinued operations	-	-	-	(3.0)	(3.0)
	3,508.2	2.9	3,511.1	(2,828.7)	682.4

	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)
Pure play 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)
	3,926.8	24.9	3,951.7	(3,110.6)	841.1

	52 weeks ended 30 April 2011				
	Segment assets £million	Investment in associates £million	Total segment assets £million	Segment liabilities £million	Net assets £million
UK & Ireland	1,989.3	-	1,989.3	(1,227.3)	762.0
Nordics	1,132.2	3.4	1,135.6	(502.6)	633.0
Other International	563.5	-	563.5	(1,402.2)	(838.7)
Pure play e-commerce	278.3	-	278.3	(358.3)	(80.0)
Central	1,861.0	-	1,861.0	(1,657.8)	203.2
Eliminations	(2,250.3)	-	(2,250.3)	2,250.3	-
Continuing operations	3,574.0	3.4	3,577.4	(2,897.9)	679.5
Discontinued operations	-	-	-	(3.0)	(3.0)
	3,574.0	3.4	3,577.4	(2,900.9)	676.5

(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.

Notes to the Interim Financial Statements (continued)

3 Non-underlying items

	Note	24 weeks ended 15 October 2011			24 weeks ended 16 October 2010		
		Closed business £million	Other £million	Total £million	Closed business £million	Other £million	Total £million
Included in operating profit:							
Closed business	(i)	(2.5)	-	(2.5)	(0.7)	-	(0.7)
Amortisation of acquired intangibles		-	(1.9)	(1.9)	-	(1.8)	(1.8)
Net restructuring charges	(ii)	-	(1.4)	(1.4)	-	(1.8)	(1.8)
Other items	(iv)	-	34.8	34.8	-	-	-
		(2.5)	31.5	29.0	(0.7)	(3.6)	(4.3)
Included in net finance costs:							
Closed business	(i)	(0.2)	-	(0.2)	(0.3)	-	(0.3)
Net fair value remeasurements of financial instruments	(v)	-	(1.1)	(1.1)	-	0.1	0.1
Accelerated amortisation of facility fees	(vi)	-	-	-	-	(7.8)	(7.8)
Net 2012 Bond redemption gains	(vii)	-	-	-	-	7.8	7.8
		(0.2)	(1.1)	(1.3)	(0.3)	0.1	(0.2)
Total impact on profit / (loss) before tax		(2.7)	30.4	27.7	(1.0)	(3.5)	(4.5)
Tax		-	(0.1)	(0.1)	-	0.9	0.9
Total impact on profit / (loss) after tax		(2.7)	30.3	27.6	(1.0)	(2.6)	(3.6)

	Note	52 weeks end 30 April 2011		
		Closed business £million	Other £million	Total £million
Included in operating profit:				
Closed business	(i)	(7.7)	-	(7.7)
Amortisation of acquired intangibles		-	(4.5)	(4.5)
Net restructuring charges	(ii)	-	(17.1)	(17.1)
Business impairment charges	(iii)	-	(251.6)	(251.6)
Other items	(iv)	-	(24.9)	(24.9)
		(7.7)	(298.1)	(305.8)
Included in net finance charges:				
Closed business	(i)	(0.8)	-	(0.8)
Net fair value remeasurements of financial instruments	(v)	-	(2.8)	(2.8)
Accelerated amortisation of facility fees	(vi)	-	(7.8)	(7.8)
Net 2012 Bond redemption gains	(vii)	-	7.8	7.8
		(0.8)	(2.8)	(3.6)
Total impact on loss before tax			(8.5)	(309.4)
Tax			-	12.3
Total impact on loss after tax			(8.5)	(297.1)

- (i) Closed business: Comprises the operating activities of PC City Spain which were closed at the end of June 2011.
(ii) Net restructuring charges - strategic reorganisation:

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Asset impairments	-	(1.8)	(1.6)
Property charges	-	-	(7.4)
Other charges	(1.4)	-	(8.1)
	(1.4)	(1.8)	(17.1)

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

Asset impairments related to intangible assets and items of property, plant & equipment which have been eliminated from the business and arise from restructuring initiatives which commenced in 2007/08. Such impairments comprise incremental accelerated depreciation charges. Property charges comprised onerous lease costs and charges related to vacating properties. Other charges predominantly comprise employee severance.

(iii) Net business impairment charges for the 52 weeks ended 30 April 2011:

	Goodwill impairment £million	Other assets impairment £million	Property charges £million	Other charges £million	Total £million
Closed business	(15.1)	(31.8)	(6.1)	(17.6)	(70.6)
PIXmania	(106.3)	-	-	-	(106.3)
Greek business	(53.2)	-	-	-	(53.2)
Associate	-	(21.5)	-	-	(21.5)
	(174.6)	(53.3)	(6.1)	(17.6)	(251.6)

The closed business relates to PC City Spain following the closure of these operations at the end of June 2011 and comprises the full impairment of goodwill as well as other tangible and intangible asset impairments. Property charges comprise onerous lease costs and charges related to vacating properties. Other charges related predominantly to employee severance.

PIXmania: Weakness in the Southern European economies, investment in developing new web platforms and changes in the internet retailing market caused profit performance to be behind that envisaged at the time of the acquisition of the business and this therefore led to an impairment to the goodwill being charged.

Greek business: Following an extended period of economic difficulty and the expectation that a full recovery will be prolonged, an impairment to the goodwill was charged.

Associate: Relates to a long period of decline in the results of F-Group leading to the conclusion that the carrying value of the investment (which incorporates prior year dividends received) was impaired.

(iv) Other items comprise the following:

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Profit on disposal of property	37.2	-	-
UK Riot related costs	(4.0)	-	-
Revaluation of associate shares	1.6	-	-
Impairment of other intangibles work in progress	-	-	(14.9)
Exceptional supplier balance write offs	-	-	(12.0)
Credits in respect of prior restructurings	-	-	2.0
	34.8	-	(24.9)

Profit on disposal of property relates to the sale and leaseback of the Group's Nordic distribution centre in Jönköping in Sweden. The sale completed on 23 June 2011 for SEK 602 million (£58.1 million). Owing to the size of the gain as well as the significance of the property in relation to the Group's operations, the profit has been treated as a non-underlying item.

UK Riot related costs comprise mainly inventory write offs and reinstatement costs together with certain other incremental costs arising from the riots which occurred in August 2011.

Revaluation of associate shares: Relates to gain arising on the revaluation of a previous small associate shareholding following the acquisition of the remaining shares during the period.

Impairment of other intangibles work in progress related to capitalised system costs in the UK from 2008 following the decision to defer the project in order to focus on existing process improvements.

The exceptional supplier balance write offs related to supplier receivables in PIXmania dating back to 2008/09 and prior years. This write off arose due to the culmination of a reconciliation process following the implementation of new systems highlighting the extent of the receivables outstanding and a detailed review of the Group's ability to recover these balances.

Credits related mainly to closed businesses and represent cash recoveries from third parties which, due to their contingent nature, had not previously been recognised.

Notes to the Interim Financial Statements (continued)

3 Non-underlying items (continued)

(v) 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.

(vi) 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.

(vii) 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 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Bank and other interest receivable:			
Non-underlying: closed business	*	0.1	-
Underlying	5.7	8.5	14.2
Expected return on pension scheme assets	20.7	20.6	44.7
Fair value remeasurement gains on financial instruments	*	2.3	1.1
2012 Bond redemption gains	*	-	10.2
Finance income	28.8	40.4	71.4
6.125% Guaranteed Bonds 2012 interest and related charges	(4.5)	(6.7)	(12.0)
8.75% Guaranteed Notes 2015 interest and related charges	(6.1)	(2.8)	(9.8)
Bank loans, overdrafts and other interest payable:			
Non-underlying: closed business	*	(0.3)	(0.8)
Underlying	(9.2)	(8.8)	(22.0)
Finance lease interest payable	(2.9)	(3.4)	(7.1)
Interest on pension scheme liabilities	(23.3)	(23.2)	(50.3)
Fair value remeasurement losses on financial instruments	*	(3.4)	(1.0)
Accelerated amortisation of facility fees	*	-	(7.8)
2012 Bond redemption costs	*	-	(2.4)
Finance costs	(49.7)	(56.4)	(117.3)
Total net finance costs – continuing operations	(20.9)	(16.0)	(45.9)
Underlying total net finance costs – continuing operations	(19.6)	(15.8)	(42.3)

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

Bank and other interest receivable includes £nil of exchange gains (24 weeks ended 16 October 2010 £1.2 million and 52 weeks ended 30 April 2011 £nil). Underlying bank loans, overdrafts and other interest payable includes £1.1 million relating to exchange losses (24 weeks ended 16 October 2010 £nil and 52 weeks ended 30 April 2011 £3.8 million).

5 Tax

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Current tax			
UK corporation tax	-	-	0.1
Double tax relief	-	-	(0.1)
	-	-	-
Overseas taxation - underlying	11.2	11.0	22.7
Adjustment in respect of earlier periods:			
Overseas taxation - underlying	5.5	-	(0.2)
	16.7	11.0	22.5
Deferred tax			
Current period			
- underlying	(14.4)	(14.2)	18.9
- non-underlying - other *	(2.4)	(0.9)	(12.3)
Adjustment in respect of earlier periods:			
UK corporation tax			
- underlying	-	0.1	(2.0)
- non-underlying - other *	2.5	-	-
Overseas taxation			
- underlying	-	-	(8.0)
	(14.3)	(15.0)	(3.4)
Income tax expense / (credit) – continuing operations	2.4	(4.0)	19.1
Underlying income tax expense / (credit) – continuing operations	2.3	(3.1)	31.4

Underlying income tax expense / (credit) excludes those items marked * which relates to the tax effects on the non-underlying items which are described further in note 3.

The taxation charge on underlying results is based on the estimated effective rate of taxation of 49% on underlying earnings for the full financial period ending 28 April 2012 (52 weeks ended 30 April 2011 the equivalent effective rate of taxation was 37%). A charge arises for the 24 weeks ended 15 October 2011 owing to the mix of profits and losses across the different jurisdictions in which the Group operates when compared with the equivalent mix for the full year together with the recognition of certain one off items which fall discretely within the 24 week period.

The UK corporation tax rate for the 24 weeks ended 15 October 2011 was 26% (24 weeks ended 16 October 2010 28%, 52 weeks ended 30 April 2011 27.83% (based on a tax rate of 28% for the period up to 31 March 2011 and 26% thereafter)).

Notes to the Interim Financial Statements (continued)

6 Earnings / (loss) per share

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Basic and diluted earnings / (loss)			
Total (continuing and discontinued operations)	3.1	(4.9)	(239.0)
Discontinued operations – loss after tax	-	-	2.1
Continuing operations	3.1	(4.9)	(236.9)
Non-underlying items			
Closed business	2.7	1.0	8.5
Amortisation of acquired intangibles	1.9	1.8	4.5
Net restructuring charges	1.4	1.8	17.1
Business impairment charges	-	-	251.6
Other items	(34.8)	-	24.9
Net fair value remeasurements of financial instruments	1.1	(0.1)	2.8
Acceleration of Facility fees	-	7.8	7.8
Net 2012 Bond redemption gains	-	(7.8)	(7.8)
	(27.7)	4.5	309.4
Attributable to non-controlling interests	(0.2)	-	(3.6)
Attributable to equity shareholders of the parent company	(27.9)	4.5	305.8
Tax on adjustments	0.1	(0.9)	(12.3)
Attributable to non-controlling interests	-	-	2.2
Tax on adjustments attributable to equity shareholders of the parent company	0.1	(0.9)	(10.1)
Total adjustments (net of taxation)	(27.8)	3.6	295.7
Underlying basic and diluted (loss) / earnings	(24.7)	(1.3)	58.8
	Million	Million	Million
Basic weighted average number of shares	3,608.7	3,606.4	3,606.6
Employee share option and ownership schemes	5.1	15.1	12.3
Diluted weighted average number of shares	3,613.8	3,621.5	3,618.9
	Pence	Pence	Pence
Basic earnings / (loss) per share			
Total (continuing and discontinued operations)	0.1	(0.1)	(6.6)
Discontinued operations	-	-	-
Continuing operations	0.1	(0.1)	(6.6)
Adjustments (net of taxation)	(0.8)	0.1	8.2
Underlying basic (loss) / earnings per share	(0.7)	-	1.6
Diluted earnings / (loss) per share			
Total (continuing and discontinued operations)	0.1	(0.1)	(6.6)
Discontinued operations	-	-	-
Continuing operations	0.1	(0.1)	(6.6)
Adjustments (net of taxation)	(0.8)	0.1	8.2
Underlying diluted (loss) / earnings per share	(0.7)	-	1.6

Basic and diluted earnings / (loss) per share is based on the profit / (loss) for the period attributable to equity shareholders. Underlying earnings / (loss) 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 Goodwill

As required by IAS 36, goodwill is subject to annual impairment reviews and at other times where there are events or changes in circumstances which may be viewed as an indicator of potential impairment. In particular, the current macro-economic uncertainties which exist in southern Europe, have increased the risks of impairment, although whether these risks have crystallised will not be known until after the Peak trading period. These uncertainties together with the performance of these businesses for the 24 weeks ended 15 October 2011 have been assessed by the directors and it has been concluded that the carrying value of the goodwill is supported at the current time. Further information is set out below in the Principal Risks and Uncertainties section of this report.

8 Notes to the cash flow statement

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

	24 weeks ended 15 October 2011 £million	24 weeks ended 16 October 2010 £million	52 weeks ended 30 April 2011 £million
Operating profit / (loss)	23.3	4.6	(180.3)
Operating loss - discontinued operations	-	-	2.1
Operating profit / (loss) - continuing operations	23.3	4.6	(178.2)
Amortisation of acquired intangibles	1.9	1.8	4.5
Amortisation of other intangibles	10.0	10.7	22.7
Depreciation	51.8	48.1	116.7
Share based payment (credit) / charge	(1.8)	3.1	8.0
Share of post tax results of associates	0.4	0.7	0.4
(Profit) / loss on disposal of property, plant & equipment	(26.7)	7.2	13.6
Additions to non-underlying provisions	3.4	-	39.2
Impairment and accelerated depreciation / amortisation	-	1.7	238.8
Other net non-underlying charges	0.4	-	17.6
Utilisation of non-underlying provisions	(32.1)	(12.8)	(30.9)
Operating cash flows before movements in working capital	30.6	65.1	252.4
Movements in working capital:			
(Increase) / decrease in inventories	(56.2)	(179.5)	16.2
Decrease / (increase) in trade and other receivables	8.6	(22.0)	9.1
Increase in trade and other payables	111.2	300.1	15.1
	63.6	98.6	40.4
Cash generated from operations – continuing operations	94.2	163.7	292.8

Notes to the Interim Financial Statements (continued)

8 Notes to the cash flow statement (continued)

(b) Analysis of net debt

	1 May 2011 £million	Cash flow £million	Other non- cash movements £million	Currency translation £million	15 October 2011 £million	
Cash and cash equivalents	*	334.7	(57.4)	-	(1.9)	275.4
Bank overdrafts		(5.6)	0.6	-	0.1	(4.9)
		329.1	(56.8)	-	(1.8)	270.5
Short term investments		10.5	(7.6)	(0.2)	-	2.7
Borrowings due within one year		(130.0)	128.5	-	-	(1.5)
Borrowings due after more than one year		(315.3)	(0.1)	1.8	-	(313.6)
Obligations under finance leases		(101.1)	2.0	(2.3)	0.1	(101.3)
		(546.4)	130.4	(0.5)	0.1	(416.4)
Net debt		(206.8)	66.0	(0.7)	(1.7)	(143.2)

	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)

	2 May 2010 £million	Cash flow £million	Other non- cash movements £million	Currency translation £million	30 April 2011 £million	
Cash and cash equivalents	*	295.7	37.3	-	1.7	334.7
Bank overdrafts		(4.9)	(0.7)	-	-	(5.6)
		290.8	36.6	-	1.7	329.1
Short term investments		8.5	1.8	0.2	-	10.5
Borrowings due within one year		(98.5)	(31.8)	-	0.3	(130.0)
Borrowings due after more than one year		(321.4)	(5.4)	11.5	-	(315.3)
Obligations under finance leases		(100.0)	1.5	(2.4)	(0.2)	(101.1)
		(519.9)	(35.7)	9.1	0.1	(546.4)
Net debt		(220.6)	2.7	9.3	1.8	(206.8)

* 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 £111.5 million (16 October 2010 £118.4 million, 30 April 2011 £120.3 million). Net debt excluding restricted funds totalled £254.7 million (16 October 2010 £333.5 million, 30 April 2011 £327.1 million).

9 Discontinued operations

Loss after tax and cash flows from discontinued operations relates to the Group's operations in Hungary which were disposed of in May 2009.

10 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:

	15 October 2011 £million	16 October 2010 £million	30 April 2011 £million
Present value of defined benefit obligations	(927.7)	(965.0)	(949.7)
Fair value of plan assets	708.5	685.7	705.7
Net obligation	(219.2)	(279.3)	(244.0)

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	15 October 2011	16 October 2010	30 April 2011
Discount rate	5.2%	5.2%	5.4%
Rate of increase in pensions in payment / deferred pensions	2.9% 2.1%	3.2% 2.2%	3.3% 2.2%
Inflation	3.0%	3.3%	3.4%

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

11 Contingent liabilities

	15 October 2011 £million	16 October 2010 £million	30 April 2011 £million
Contingent liabilities	3.4	6.6	4.0

At 16 October 2010, contingent liabilities included guarantees and indemnities relating to businesses disposed of in prior periods which were subsequently provided for by 30 April 2011. 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 2010/11 Annual Report and Accounts on pages 20 to 22 and in note 1.19 to the financial statements, respectively. In addition, the outlook section of this interim statement provides a commentary by the Chief Executive concerning the remainder of the financial year. A summary of the principal risks and uncertainties is as follows:

1. Macro-economic risks

Economic environment: Risk that the economic downturn is prolonged.

Market specific characteristics: Seasonality – A substantial proportion of revenue and operating profit is generated during the third financial quarter, which includes the Christmas and New Year season. Adverse trading in this relatively short period is likely to impact significantly the full year's results; and 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 production efficiencies.

2. Competitor and market place risks

Competition: Competitors reduce the Group's market share and/or drive down margins in specific markets.

Changing technology/consumer preferences: Risk that we fail to capitalise on new technology or emerging trends to maximise revenues or our retail brands fail to meet the expectations of customers.

Legislative, contractual, reputational and regulatory risks: Risk that as a result of a change in legislation, a decision by a regulatory authority, or exposure in our compliance activities, the Group's business is impacted by reputational or financial damage or a need to adapt the Group's business and processes (e.g. competition, consumer rights, intellectual property, contractual obligations, health and safety or compromise of confidential customer data).

3. Operational risks

Employees: Risk that we fail to attract, develop and retain the necessary talent for our business.

Systems failure and damage to property and consequential business interruption: The risk that a key system becomes unavailable for a period of time; and 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.

Project delivery: Risk that a project delivering an element of our Renewal and Transformation plan does not deliver its anticipated benefits.

Internet: Risk we fail to build a successful internet business, both in its own right and as part of a multi-channel retailing model.

4. Financial risks

Changes in supplier credit: Risk that credit insurance is no longer available to electrical and computing suppliers.

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.

Pensions 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.

With respect to goodwill, as required by IAS 36, goodwill is subject to annual impairment reviews and at other times where there are events or changes in circumstances which may be viewed as an indicator of potential impairment. In note 9 to the 2010/11 Annual Report and Accounts, it was reported that the carrying value of goodwill attributable to Unieuro, PIXmania and Kotsovolos was sensitive to a change in the key assumptions used to calculate value in use and that it was reasonably possible that a change in the values attributed to these assumptions could occur in the next financial period.

The value in use is calculated by applying discounted cash flow modelling to management's own projections covering a five year period and the key assumptions comprise these five year projections, the growth rate beyond five years and the pre tax adjusted discount rate.

Management has assessed the values assigned to these assumptions by considering current economic conditions and the related trading environment prevailing in the territories in which these businesses operate (in particular in Italy and Greece) as well as the performance of these businesses for the 24 weeks ended 15 October 2011 and the most recent trading information to the date of this report. The current macro-economic uncertainties have increased the risks of impairment, however, whether this risk has crystallised will not be known until after the Peak trading period. As a result of this assessment, it has been concluded that the value in use exceeds the carrying value of the goodwill at this stage, however, the carrying value of the goodwill remains sensitive to these assumptions and it remains reasonably possible that such a change could occur during the remainder of the financial period.

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 principal risks and uncertainties, especially in the context of the continuing difficult consumer and retail environment as well as the wider macro-economic environment in the euro zone and how these factors might influence the Group's objectives and strategy which are set out in the Business Overview, Strategic Summary and Performance Review sections of the 2010/11 Annual Report and Accounts.

After reviewing the performance of the business, the Group's expenditure requirements, current financial projections and expected future cash flows (including the scheduled November 2012 repayment of the 2012 Bonds), together with the available cash resources and undrawn committed borrowing facilities, the directors consider that the Group has sufficient 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 2010/11 Annual Report and Accounts with the exception of Humphrey Singer who was appointed on 1 July 2011 and Nicholas Cadbury who ceased to be a director on 2 September 2011.

By order of the Board



John Browett
Chief Executive
24 November 2011



Humphrey Singer
Group Finance Director
24 November 2011

Independent Review Report

To Dixons Retail plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim statement for the 24 weeks ended 15 October 2011 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 11. We have read the other information contained in the interim statement 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 it 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 statement, 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.

As disclosed in note 1, 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 statement 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 statement 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 in the interim statement for the 24 weeks ended 15 October 2011 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

Chartered Accountants and Statutory Auditors

London, UK

24 November 2011



Additional Information

Retail store data

	Number of stores			Selling space '000 sq ft		
	15 October 2011	16 October 2010	30 April 2011	15 October 2011	16 October 2010	30 April 2011
UK & Ireland						
UK	575	625	612	7,709	7,637	7,865
Ireland	30	28	30	302	320	322
Total UK & Ireland	605	653	642	8,011	7,957	8,187
Nordics						
Norway	135	124	131	1,668	1,587	1,644
Sweden	70	70	70	1,342	1,327	1,289
Finland	40	39	39	647	616	616
Denmark	31	31	32	515	520	509
Iceland	4	3	4	38	32	38
Islands	9	9	9	127	127	127
Total Nordics *	289	276	285	4,337	4,209	4,223
Other International						
Italy *	157	157	160	2,173	2,247	2,263
Greece *	105	101	107	1,087	1,020	1,107
Turkey *	25	15	19	583	430	529
Southern Europe	287	273	286	3,843	3,697	3,899
The Czech Republic *	20	17	19	494	435	473
Slovakia	3	3	3	57	57	57
Central Europe	23	20	22	551	492	530
Total Other International	310	293	308	4,394	4,189	4,429
Pure play e-commerce	17	17	17	26	24	24
Continuing Retail	1,221	1,239	1,252	16,768	16,379	16,863
Closed business (Spain)	-	32	34	-	408	414
GRAND TOTAL	1,221	1,271	1,286	16,768	16,787	17,277

* 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 Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Tel: 0871 664 0300 (calls cost 10p per minute plus network extras lines are open Monday to Friday 8.30 am to 5.30 pm). 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. The web address for our Registrars' site is shown above. From the shareholder link, as well as checking name, address and shareholding details via the share portal, 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 8.00am to 4.30pm.

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 29 Lon 20771, London W1E 0ZT 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.

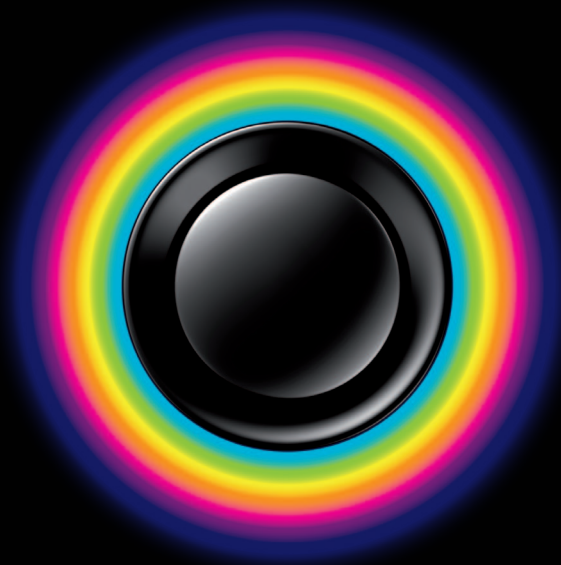
Financial calendar

2011/12 preliminary annual results announcement:	21 June 2012
2011/12 annual report and accounts publication:	July 2012
Annual General Meeting:	6 September 2012

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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 9ZA.



KNOWHOW™

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BRINGING LIFE TO TECHNOLOGY