

FINANCIAL RESULTS FOR THE 52 WEEKS ENDED 1 SEPTEMBER 2007

Financial highlights

- Operating profit of £293.3m, up 1.6% from £288.6m.
- Total sales up 5.2% at £1,858.7m from £1,767.3m last year. Like for like sales up 2.1%.
- Gross margin up 0.2% versus last year.
- EBITDA of £354.4m, up £8.9m from £345.5m last year.
- Closing bank debt of £770.7m, down £177.4m from £948.1m last year.
- No dividend has been declared.

Commenting on the announcement Sir Philip Green said:

"I believe the small improvement in profitability, and the 2% like for like sales growth, represent a very creditable performance when set against a background of one of the worst "non summers" in many years.

In spite of the poor weather the Brands continue to be managed in an efficient way. Their focus has been on maintaining clean stock positions by working with our extensive supplier base, to ensure speed to market and newness of product for the customer. Our efficiency has resulted in excellent cash generation, which enables us to continue to invest funds in both refurbishments and new space.

All the Brands are well positioned to grow both in the UK and internationally. In the UK we have already committed to open in excess of 300,000 square feet of trading space in the coming year and internationally we are working with our franchise partners to open a further 70 outlets.

Like for like sales and trading margins are up 1% for the first 7 weeks of the new financial year.

I would like to thank all the people at Arcadia for their hard work and commitment and all our customers for their continued loyalty."

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Notes to the Financial Information

- The impact on operating profit and EBITDA of the 53rd week last year was £12m, and for turnover the impact was £33.8m.
 - The operating profit of £293.3m (2006: £300.6m) is before charging goodwill of £17.5m (2006: £17.5m) and after £12.5m of other finance income (2006: £10.7m) resulting in a statutory operating profit of £263.3m (2006: £272.4m).
 - The financial information set out in this document has been extracted from the audited consolidated accounts of Taveta Investments Ltd and does not constitute full accounts (within the meaning of Section 240 of the Companies Act 1985). Full accounts, which have received an unqualified audit report and did not contain any statement under Section 237 of the Companies Act 1985, will be filed with the Registrar of Companies on 25 October 2007.
- Profit and loss account for the year ended 1 September 2007
 - Balance sheet as at 1 September 2007
 - Cash flow statement for the year ended 1 September 2007

Consolidated profit and loss account for the year ended 1 September 2007

	2007 (52 weeks) £'000	2006 (53 weeks) £'000
Total turnover	1,859,412	1,801,348
Less: Share of turnover of joint venture	(705)	(234)
Group turnover	1,858,707	1,801,114
Cost of sales	(1,502,544)	(1,441,669)
Gross profit	356,163	359,445
Distribution costs	(38,281)	(37,526)
Administrative expenses	(65,566)	(59,463)
Other operating income	10,868	9,930
Group operating profit	263,184	272,386
Share of joint venture's operating profit	107	7
Total operating profit	263,291	272,393
Total operating profit before goodwill amortisation	280,780	289,882
Goodwill amortisation	(17,489)	(17,489)
Profit arising on sale of investments	-	167
Net interest payable and similar charges	(76,655)	(80,936)
Other finance income	12,517	10,728
Profit before taxation	199,153	202,352
Taxation	(80,910)	(59,445)
Retained profit for the year	118,243	142,907

Consolidated balance sheet as at 1 September 2007

	2007 (52 weeks)	2006 (53 weeks)
	£'000	£'000
Fixed assets	251,156	268,645
Intangible assets	615,394	626,917
Tangible assets		
Interest in joint venture:	265	203
- share of gross assets	(175)	(193)
- share of gross liabilities	90	10
	866,640	895,572
Current assets		
Stocks	98,989	92,157
Debtors – due within one year	77,769	75,929
Debtors – due after one year	-	7,939
	77,769	83,868
Cash at bank and in hand	14,446	14,668
	191,204	190,693
Creditors: amounts falling due within one year	(593,327)	(491,156)
Net current liabilities	(402,123)	(300,463)
Total assets less current liabilities	464,517	595,109
Creditors: amounts falling due after more than one year	(1,031,828)	(1,261,598)
Provisions for liabilities and charges	(14,454)	(14,801)
Net liabilities excluding pension asset	(581,765)	(681,290)
Pension asset	54,829	10,940
Net liabilities	(526,936)	(670,350)
Capital and reserves		
Called up share capital	10,309	10,309
Share premium account	1,941	1,941
Profit and loss account	(544,186)	(687,600)
Equity shareholders' deficit	(531,936)	(675,350)
Minority interests	5,000	5,000
Capital employed	(526,936)	(670,350)

Consolidated cash flow statement for the year ended 1 September 2007

	2007 £'000	(52 weeks) £'000	2006 £'000	(53 weeks) £'000
Cash inflow from operating activities		356,979		327,710
Returns on investments and servicing of finance				
Interest received	1,120		1,169	
Interest paid	(74,641)		(77,493)	
Issue costs of new bank borrowings	(15)		(179)	
		(73,536)		(76,503)
Taxation paid		(48,676)		(47,187)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(51,748)		(123,083)	
Outflows from the sale of tangible fixed assets	(1,137)		(3,121)	
Sale of current asset investment	-		908	
		(52,885)		(125,296)
Acquisition				
Investment in joint venture undertaking		-		(1)
Cash inflow before financing		181,882		78,723
Financing				
Investment by minority interest	-		5,000	
Issue of bank borrowings	-		68,160	
Repayment of bank borrowings	(189,471)		(183,890)	
Capital element of finance lease payments	-		(25)	
Net cash outflow from financing		(189,471)		(110,755)
Decrease in cash		(7,589)		(32,032)