

FULL YEAR RESULTS

Full year results

CHAIRMAN'S STATEMENT

The year to January 2008 was another successful year for Next, with earnings per share growth of 15.5% to a new record for the Group of 168.7p. These are good results in a period of economic slow down and are a reflection of the efforts we have made in building and improving the Next Brand.

The Board is pleased to recommend a final dividend of 37p compared with 33.5p last year making 55p for the year, an increase of 12.2%. The continued use of surplus capital to buy back shares has again enabled us to deliver superior growth in earnings per share, our main financial objective. Despite recent share price volatility we remain convinced that, in the long term, growth in earnings per share will deliver growth in value to shareholders. In the last five years we have returned over £1.3 billion to shareholders in this way.

Trading conditions in the year ahead will continue to be difficult as increased costs and rising taxes put pressure on our customers. In these circumstances, we believe that our main strategy of investing in the Next Brand whilst improving and extending our product ranges will offer us the best protection against any downturn in the UK economy. Our Directory business, in particular, gives us a strong and flexible base from which to grow our product offering.

We are also extending the Next Brand into new overseas markets where we believe there are opportunities to build profitable businesses. If this is successful it will bring new sources of growth over the longer term.

Derek Netherton will step down from the Board at the AGM in May. Derek has served on the Board for eleven years during which Next has grown its profit by over three times, dividend by over four times and earnings per share by over five times. He has been a wise counsel to both the Board and the executive team. We owe him many thanks for his help and advice.

During the year Steve Barber joined the Board as a non executive director and he will take over from Derek as Chairman of the Audit Committee.

We have a robust operating model and strong cash flows, which will stand us in good stead as we go through what we anticipate will be a difficult trading period. We will continue to return cash to our shareholders through dividends and share buybacks. However, our first priority will be to ensure that the Company protects its strong financial base.

Our strategy of concentrating on the design, quality and value of product, together with customer service and delivery, will remain the cornerstone of our success in the future. That success cannot be secured without the commitment and hard work of our management team, all our staff and the support of our suppliers. I would like to thank them all for the contribution they have made in achieving these results.

John Barton
Chairman

CHIEF EXECUTIVE'S REVIEW

PROFIT GROWTH IN A CHALLENGING YEAR

In the year ending January 2008 Next plc increased operating profit by 5.8% in a worsening retail environment. This was achieved by a robust performance in Next Directory and good cost control throughout the Group.

Earnings per share have moved forward by more than operating profits as a result of share buybacks and a lower tax rate, they are 15.5% ahead of last year.

		Revenue excluding VAT Year to January		Profit and earnings per share Year to January	
	2008 £m	2007 £m	2008 £m	2007 £m	
Next Retail	2,255.1	2,255.0	319.9	316.6	
Next Directory	799.8	774.5	164.4	143.9	
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The Next Brand	3,054.9	3,029.5	484.3	460.5	+5.2%
Next International	54.1	49.8	7.1	6.0	
Next Sourcing	6.4	6.4	32.8	31.8	
Ventura	203.7	190.9	21.5	20.6	
Other activities	10.0	7.2	(2.1)	(1.1)	
Share option charge	-	-	(8.8)	(8.3)	
Unrealised exchange gain/(loss)	-	-	-2.3	(2.0)	
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Revenue and operating profit	3,329.1	3,283.8	537.1	507.5	+5.8%
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Interest expense			(39.0)	(29.1)	
<hr/>					
Profit before tax			498.1	478.4	+4.1%
Taxation			(144.2)	(146.9)	
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Profit after tax			353.9	331.5	+6.8%
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Basic earnings per share			168.7p	146.1p	+15.5%

PROGRESS DURING THE YEAR

At the beginning of 2007 we set ourselves the objective of revitalising the Next Brand whilst continuing to move profits forward. We have achieved the following:

- Made our ranges more aspirational, improved our marketing and commenced the rapid roll out of a new shop fit.

- Improved like for like sales performance in our Mainline stores from -7.0% last year to -3.2% during the year just ended in the face of a worsening retail environment. Our trading performance in both Spring Summer and Autumn Winter was within the guidance we issued for each season.
- More than offset the costs of increased marketing with operational cost savings and improvements in bought in gross margin, delivering growth in operating profits despite negative Retail like for like sales.
- Increased earnings per share by significantly more than profits as a result of our continuing strategy of buying back shares. This, together with a reduced tax rate, takes the total EPS growth to +15.5%.

Our financial goal remains the delivery of sustainable long term growth in earnings per share, which we believe to be the engine of long term growth in shareholder value.

REVITALISING THE NEXT BRAND

The main task last year was the revitalisation of the Next Brand. First and foremost this involved reminding ourselves what Next stands for, namely:

Exciting, beautifully designed, excellent quality clothing and homeware that reflect the aspirations and means of our customers.

Put simply our goal has been to put a little of the magic back into the Next Brand through our product ranges, marketing and shopfit.

PRODUCT

Newness

Throughout last year we increased the levels of newness within our ranges so that there were more new products for our customers to see every six weeks. This change has been partly as a result of selecting product closer to season, but more importantly there has been a determined effort to take more calculated risks at the time of selection and back new trends with conviction. Hand in hand with this approach has been an increase in the importance we attach to design and the speed with which new trends are adopted.

We are comfortable with the levels of newness we are currently achieving and the emphasis must now shift to maximising the potential of best sellers through the addition of alternative colour-ways of key lines.

Design and Quality

At the beginning of last year we observed that our customers were trading up our price architecture, it is these products where we are best able to compete on design and quality. Whilst our product must be affordable to most people and great value, it will not necessarily be the cheapest. So we have moved the emphasis of our ranges away from price starters, increasing the proportion of items at mid price points and introducing new prices at the top end of our ranges.

The table below sets out how the average selling prices for our clothing ranges has changed against the previous year.

Average selling price (Sales divided by units)	Spring 2008 (E)	Summer 2008 (E)	Autumn 2007	Winter 2007	Spring 2007	Summer 2007	Autumn 2006	Winter 2006
Womenswear	+7%			+5%		+3%		-4%
Menswear	+3%			+5%		-1%		-3%
Childrens wear	+5%			+4%		-5%		-5%

There are two important points that need to be made in respect of this change in average selling price:

- We are not raising prices on like for like products, we must remain vigilant to ensure that our range remains competitive at every level of our price architecture.
- Average selling prices have only risen as a result of a change in the mix of product the customer is buying.

We anticipate a less marked upward movement in average selling prices in Autumn Winter 2008, at between two and four percent, as a result of increased participation of mid price points and further extensions to the Signature range.

MARKETING

In order to communicate the changes we have made to our ranges we have increased both the effort and investment we make in marketing the Next Brand. We have improved the quality of our in-store displays, graphics and windows. In total we spent an additional £16m on marketing in the year, most of this increase went into press, billboard and TV advertising and windows.

We do not anticipate a further increase in the marketing budget in the year ahead and aim to maintain marketing activity at broadly the same level as in the year just ended.

SHOP FIT

The updating of our shop fit is an integral part of revitalising the Brand. The aim is that our merchandise is displayed in stores whose interior design reflects the design and quality of the clothing and homeware. In addition to 39 refits we opened 39 new stores in the new concept, the most important of which was our 43,000 square feet store in Sheffield, Meadowhall.

A secondary benefit is that many stores experience an uplift in sales as a result of a refit. However it is important to regard refit expenditure as an increase in maintenance costs rather than a one off investment with a long term return, because the sales improvements tend to tail off after a year.

One important lesson has been that if a refit takes too long then it can take a considerable amount of time for trade to rebuild. As a result we will be doing less comprehensive refits in stores that are less than six years old. These will deliver a significant amount of the perceived improvement in less time and at a much lower cost. These mini-refits are expected to last 6 to 8 weeks whereas a full refit would take 12 to 16 weeks, the cost being about £22 per square foot as opposed to £65 per square foot.

In the year ahead we expect to spend in the region of £37m on refitting existing stores. The table below sets out approximately what we completed during the year and what we expect in the year ahead. By the end of this year we expect 48 percent of our portfolio (by revenue) will be in the new concept. In addition we will have redecorated and re-branded a further 24 percent.

Year to	New Sq ft '000	Refits Sq ft '000	Redecoration Sq ft '000	TOTAL Sq ft '000
January 2008	500	600	800	1,900
January 2009 (E)	500	1,000	600	2,100
Total	1,000	1,600	1,400	4,000
Percentage of portfolio	18%	29%	19%	66%
Percentage of revenue	16%	32%	24%	72%

NEXT RETAIL

Retail Sales

Retail sales require some additional explanation. Unusually, there was a significant difference between the performances of Next Mainline and Next Clearance. Mainline sales finished the year up 0.1% with like for like sales down -3.2%, this was within the guidance we gave at the start of the year of -1% to -4% like for like.

Movement in sales:

Net sales from new space	+3.8%
Mainline like for like performance	-3.2%
Impact of Next Clearance	-0.6%
Total Retail sales	0.0%

The performance of Clearance reflects a significant reduction in the value of its stock, which was on average - 19% down. This reduction was the result of better clearance and deeper discounts in our end season Mainline Sales. We expect the performance of Clearance will be closer to Mainline in the year ahead.

New Space

In the year we opened a net 378,000 square feet of new trading space.

	Jan 2008	Jan 2007	Annual Change
Store numbers	502	480	+22
Square feet '000's	5,201	4,823	+378

The forecast payback on net capital invested is comfortably within our 24 month target at 18.6 months and the net branch contribution of the new stores is 16.5%. Net sales from new space are forecast to be 2.1% below appraised targets.

In addition to a long standing Home store in Glasgow Braehead we opened stand alone Home stores in Thurrock Retail Park and on Tottenham Court Road, London. Sales from the out of town stores have been encouraging and we anticipate opening at least a further five in the current year. Our Home business continued to grow throughout the course of 2007 and represents an important opportunity in a sector where we believe there will be further consolidation.

We currently expect to add a net 400,000 square feet of new space to Retail in the year ahead.

Retail Profit

Retail profit increased by 1.0% against last year. Net margins moved forwards slightly from 14.0% to 14.2%. The margin movement is detailed below; the figures show the change as a percentage of sales for each of our major heads of cost:

Net operating margin last year	14.0%
Increase in achieved gross margin	+1.8%
Increase in branch payroll costs	-0.2%
Increase in branch occupancy costs	-1.0%
Increase in central overheads	-0.4%
Net operating margin this year	14.2%

The improvement in achieved gross margin of +1.8% is primarily a result of bought in gross margin improving by +1.4%. This is due to better sourcing rather than increasing selling prices on like for like product. In Spring Summer 2008 we expect a further increase in gross margin but little or no opportunity for similar improvements in Autumn Winter. By 2009 we anticipate significant inflationary pressures in many important sourcing markets, not least China. It remains to be seen to what extent potential over capacity in world manufacturing will compensate for these pressures.

Further gross margin improvements came from fabric write offs being lower than expected (+0.2%), and settlement of a VAT issue (+0.2%), neither of these one off gains will be repeated in the year ahead. There was no significant change in markdown against last year.

Branch wages increased as a result of the cost of living award. Central overheads increased mainly due to the higher spend on marketing.

Outlook for Retail Costs

In the year ahead we anticipate that occupancy costs will continue to rise as a percentage of sales because of negative like for likes. In addition there will be an increase of around £3m in out of town retail parks where our historic rent is now below the market rate. It is very unlikely that cost savings will outweigh these increases so we do not anticipate any improvement in the Retail net operating margin in the year ahead and are forecasting a decline of around 1%.

NEXT DIRECTORY

Directory Sales

Directory sales increased by 3.3%. Improved stock availability and increased service charge income meant that sales rose faster than underlying demand, which was up 1.0%.

Sales growth was driven by a 1.2% increase in the average number of active customers and a 16.5% increase in pages. The majority of the additional pages went to new and developing product areas. We have continued to extend the portfolio of Next branded product, particularly in the home furnishings area.

The internet continues to be very important to the development of the Directory and now accounts for almost 60% of our orders. One of the priorities of the year ahead will be the improvement of our website functionality where we believe we have yet to fully exploit the potential for linked sales and search driven stock selection. We have

developed a Euro website and are now selling directly to Spain and Eire.

In March we launched the "Brand Directory" website which will showcase all the non-Next branded products available in the Next Directory, along with some lines which we will only sell through this website.

Directory Profit

Directory profit was 14.3% up on last year, a good performance. The profit growth was mainly as a result of improved operating margins; the table below shows the change as a percentage of sales for each of our major heads of cost:

Net operating margin last year	18.6%
Increase in achieved gross margin	+0.1%
Reduction in bad debt	+2.7%
Increase in service charge income	+0.4%
Increase in central overheads	-1.2%
Net operating margin this year	20.6%

Achieved gross margin increased by 0.1%. The bought in gross margin increased by 0.8%, this was eroded by -0.5% as a result of increased markdown and -0.2% from other provisions. The bought in gross margin in Directory did not grow as much as Retail as a result of the addition of lower margin non-Next branded product.

In July 2006 we began to prepare for a worsening consumer debt market and made significant changes to the credit vetting of new applicants for the Next Directory, the effects of which began to be felt in January 2007 and continued through the year. Whilst these restrictions inhibited the growth of our customer base the benefit has been a very significant drop in bad debt. This increased the net operating margins of Directory by +2.7%. At the same time, service charge income rose faster than sales adding +0.4% to margin.

Cost increases in catalogue production (-0.5%) and systems (-0.2%) were offset by savings in warehousing and distribution (+0.7%). The 1.2% increase in central overheads is therefore a result of increased marketing spend.

Outlook for Directory

It is difficult to forecast the performance of the Next Directory in the year ahead as there are contradictory market trends, these are set out in the table below.

Positive	Negative
General growth of internet based shopping favours Directory, which offers a market leading service and a broad offer	General pressure on consumer spending
Stricter entry rules and credit control have annualised so they are no longer a drag on recruitment	Increased online competition from other high street clothing retailers
Opportunity to move into new Next branded products and sell non-Next branded product	

We anticipate Directory sales will be up between 0% and 2% in the first half. Net operating margins in Directory are forecast to be broadly neutral. A reduction in markdown and some further bad debt savings are likely to be offset by increased printing and warehousing costs, together with lower gross margins on new products.

NEXT INTERNATIONAL

Sales to our franchise partners and through our Chinese joint venture grew by 9% to £54m. Our partners' own sales rose by 17% to approximately £127m. A year ago sales to our partners increased faster than profits due to a difference between product shipments and partner sales, this has now corrected and profits grew 18% to £7.1m.

During the year 28 additional stores were opened, making 158 in total. Whilst our overseas business will not make a significant contribution to the Group in the short term we now believe it presents an important opportunity in the long term. This business is developing into the three models detailed below.

Traditional franchise

The majority of territories will remain traditional franchises, where we supply product to a third party and take either a mark up on the product cost or a royalty on sales. This is very low risk, requires no capital investment but is relatively low margin.

Wholly owned - Continental Europe

We intend to develop a wholly owned business in Central Europe and Scandinavia. These stores will be operated in essentially the same way as those in the Republic of Ireland. Stock will be picked and despatched from our warehouses in the UK to a hub where it can be sorted and delivered to store on smaller vehicles.

We already have one store in Denmark and have learnt much in the past few years about how to operate in this region. The store is now profitable and growing on last year. We intend to open at least two more stores in Scandinavia over the coming year.

In Central Europe we have agreed to acquire our franchise partner's business in the region consisting of eight stores in the Czech Republic, two stores in Hungary and two stores in Slovakia turning over £12m. This business will be purchased on a multiple of 3.2 times historical EBITDA for £4m. We believe there is significant opportunity to grow our business in this region and to improve the profitability of the operation.

Joint Venture - China

Last year we opened our first store in China, located in Shanghai. Our retail business in China is in partnership with a Chinese manufacturing and retail group who own 25% of the business. Over the next two years we aim to open up to ten stores in order to build a stable business model for the Chinese market. The first task will be to ensure that local (Far East) product can be dispatched to Chinese stores direct from manufacturers. We believe that it will take at least two years to develop and test our business before we undertake a significant roll out of any concept.

NEXT SOURCING (NSL)

NSL is our overseas sourcing operation which has offices in several countries including China, Hong Kong, India, Sri Lanka, Turkey and the UK. NSL charges a commission on the product it sources and during the year it supplied approximately 55% by value of Next Retail and Directory product purchases.

Total sales increased to £620m and profits increased by 3.3% to £32.8m. This was slightly below expectations due to shipments for the Autumn Winter season being less than originally planned. We expect that profits for the coming year will be in the region of £31m.

VENTURA

Ventura started the year strongly and increased its turnover to £204m. Full year profits of £21.5m were 4.3% ahead of the previous year. However, the fourth quarter became progressively more difficult as the volume of telephone traffic with one of its major clients, Northern Rock, reduced substantially. Replacing this business in the year ahead will be a priority. Coupled with volume and pricing pressures generally in consumer facing businesses, we expect that profits for the coming year will be in the region of £16m.

Ventura has traditionally focused on call centre and back office work for its clients. This year we have launched an important addition to its portfolio through offering warehousing and distribution services to third parties. This will leverage the facilities and skills of the Next group and we have already won three clients.

OTHER ACTIVITIES

The Other Activities net charge was £2.1m including Central Costs of £7.2m. Other Activities also includes profits from our Property Management Division, Choice (an associated company which operates sixteen discount stores) and Cotton Traders (an associated company which sells its own brand products). We expect that the net charge for the coming year will be in the region of £3m.

INTEREST AND TAXATION

The interest charge of £39m was higher than last year due to the financing of cash outflows in respect of share buybacks, we expect a charge of approximately £45m for the year ahead. The tax rate was 29% and we expect a similar rate going forward.

BALANCE SHEET AND CASH FLOW

Cash flow from operations was again very strong and we achieved a cash inflow of £217m before share buybacks. The increase in net debt after buybacks of £513m was £296m.

Net borrowings at the year end were £740m. This debt is financed by long term bonds and committed bank facilities. As can be seen from the graph below, our financing is well structured with £550m of ten year bonds which mature in 2013 and 2016. We have two committed bank facilities the first of which matures in September 2009, our intention is to refinance this facility during the current year.

Going into a difficult year we have modelled our prospective cash flows at different levels of sales performance. Working with Retail like for likes of -5% we believe that net cash generation after £54m of committed share buybacks would be around £105m and with like for likes of -7.5% net cash generation would be around £72m. Even in the very unlikely event that Retail like for like sales were 10% down and Directory 2% down, we believe we would still generate around £38m of net cash flow.

Capital expenditure of £180m included £122m on stores and £43m on warehousing. We expect this year's expenditure will be in the region of £135m. Year end stock levels at £319m were 13% up on last year, correcting

the unusually low position reported at January 2007. Debtors of £605m included £438m of Directory customer account balances, which increased in line with Directory sales.

SHARE BUYBACKS

During the year we purchased a further 26 million shares for cancellation at an average price of 1974p and a cash cost of £513m. This was 11.5% of the shares in issue at the beginning of the year. Resolutions to renew buyback authorities will be put to shareholders at the AGM in May.

Despite recent share price volatility, we believe the return of surplus capital through this route is the right strategy in pursuit of our primary financial objective, which is to maximise sustainable growth in earnings per share. It is our belief that delivery of long term growth in earnings per share will create value for shareholders.

Over the course of the last eight years we have bought in 46% of the issued share capital at an average price of 1125p.

DIVIDEND

The Directors are recommending a final dividend of 37p against 33.5p last year, bringing the total for the year to 55p compared with 49p, an increase of 12.2%. The dividend remains covered 3 times by earnings per share of 168.7p.

2008 TRADING STATEMENTS

In our November Interim Management Statement we set out the dates and contents for future statements. The next two will be in early May and early August covering the first and second quarters of 2008. As a result we will not be giving a current trading statement at this time.

The table below gives the sales performances that would have been announced had we made quarterly statements last year.

As can be seen, the first quarter presents much tougher comparatives than the second quarter. Last year we experienced some very strong weeks in March and over Easter as a result of unseasonably warm weather. In contrast May, June and July were all very disappointing as a result of very poor weather (floods etc). We, therefore, anticipate a significant difference in the sales growth which will be reported in our first and second quarters, with the second being better than the first.

Sales	1st Quarter 2007	2nd Quarter 2007
Brand total	+3.7%	-2.3%
Retail total	+3.0%	-3.2%
Directory total	+5.5%	+0.5%
Retail Mainline full price like for like	-1.3%	-6.6%

2008 OUTLOOK

Retail Economy

We can see no reason why there should be any recovery in consumer spending during the year ahead. Recent base rate cuts will do little to reduce the overall burden of mortgage repayments as they will be partially offset by

the expiry of fixed rate mortgages which were set at lower rates than those prevailing today. This combined with increases in fuel, tax and other essential household costs mean that it will be at least twelve months before the consumer has a stable year on year cost base.

The Next customer profile is dominated by ABC1 25-45 year olds, who are likely to be hit hardest as their exposure to the costs of debt are high.

Outlook for Next

Against a downbeat economic outlook we are more positive about the health of the underlying Next business. We believe our ranges have made good progress and that the Next Brand is in much better shape than at the same time last year. As a result we are basing our internal budgets for the first half on Retail like for like sales of between -4% and -7% and Directory sales of between 0% and +2%.

PRIORITIES FOR THE YEAR AHEAD

In facing a challenging year we are very clear what our priorities must be:

- Maintain very conservative sales expectations. It is tempting to start a retail budget at the bottom line and build back to the sales "required". We have been very careful to begin our budgets with what we believe the likely top line sales will be.
- Control stocks. The most important part of stock control is setting a realistic sales budget. In addition we are placing much greater emphasis, and have developed new systems, to improve our control of stock in season.
- Identify further cost savings within the Group.
- Continue to invest in the Brand through improving the design and quality of our ranges, our marketing and our shop fit.

Next has always positioned itself at the aspirational end of the mass market. Long term this is the part of the market likely to grow fastest as economic growth enables more people to become affluent. In a downturn it is also likely to be the part of the market that suffers most. It would be all too easy for us to surrender our market position by chasing business outside of our core customer, this could destroy our brand – we will not do this.

Our objective is to manage the business through this difficult period and maintain the financial stability of the Group. We are well placed to weather a downturn with healthy net margins, sound financing and strong cash flows. In the meantime we will focus on improving our brand so that Next is better placed to prosper when the retail economy recovers.

Simon Wolfson
Chief Executive
19 March 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Year to January 2008 £m	Year to January 2007 £m
Revenue	3,329.1	3,283.8
Trading profit	535.9	506.1
Share of results of associates	1.2	1.4

Operating profit	537.1	507.5
Finance income	4.3	4.0
Finance costs	(43.3)	(33.1)
Profit before taxation	498.1	478.4
Taxation	(144.2)	(146.9)
Profit for the year	353.9	331.5
Profit for the year attributable to:		
Equity holders of the parent company	354.1	331.5
Minority interest	(0.2)	-
	353.9	331.5
Basic earnings per share p	168.7	146.1
Diluted earnings per share p	166.6	144.3
Dividend per share p	55.0	49.0

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Year to January 2008 £m	Year to January 2007 £m
<i>Income and expenses recognised directly in equity</i>		
Exchange differences on translation of foreign operations	0.6	(1.0)
Gains/(losses) on cash flow hedges	3.4	(34.7)
Hedging adjustment	-	2.3
Actuarial gains on defined benefit pension schemes	1.7	32.5
Tax on items recognised directly in equity	(11.5)	(0.9)
	(5.8)	(1.8)
<i>Transfers</i>		
Transferred to income statement on cash flow hedges	28.2	6.2
Transferred to carrying amount of hedged items on cash flow hedges	(0.4)	5.8
Net income recognised directly in equity	22.0	10.2
Profit for the year	353.9	331.5
Total recognised income and expense for the year	375.9	341.7
Attributable to:		
Equity holders of the parent company	376.1	341.7
Minority interest	(0.2)	-
	375.9	341.7

UNAUDITED CONSOLIDATED BALANCE SHEET

	January 2008 £m	January 2007 £m
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant & equipment	610.6	544.4
Intangible assets	36.2	36.2
Interests in associates	2.9	2.2
Other investments	1.0	1.0
Other financial assets	0.5	2.2
Deferred tax assets	-	2.6
	651.2	588.6
Current assets		
Inventories	319.1	281.8
Trade and other receivables	591.5	577.7
Other financial assets	12.6	1.2
Cash and short term deposits	56.0	121.7
	979.2	982.4
Total assets	1,630.4	1,571.0
Current liabilities		
Bank overdrafts	(37.7)	(12.5)
Unsecured bank loans	(205.0)	(0.1)
Trade and other payables	(652.4)	(621.1)
Other financial liabilities	(55.0)	(23.6)
Current tax liability	(92.4)	(81.2)
	(1,042.5)	(738.5)
Non-current liabilities		
Corporate bonds	(539.7)	(531.2)
Net retirement benefit obligation	(45.8)	(47.0)
Provisions	(9.4)	(9.5)
Deferred tax liabilities	(22.6)	-
Other financial liabilities	(12.3)	(19.2)
Other liabilities	(37.2)	(36.3)
	(667.0)	(643.2)
Total liabilities	(1,709.5)	(1,381.7)
Net (liabilities)/assets	(79.1)	189.3
EQUITY		
Share capital	20.1	22.7
Share premium account	0.7	0.7
Capital redemption reserve	9.8	7.2
ESOT reserve	(54.8)	(76.9)
Fair value reserve	11.3	(19.9)
Foreign currency translation reserve	2.6	2.0
Other reserves	(1,443.8)	(1,443.7)
Retained earnings	1,374.9	1,697.2
Shareholders' equity	(79.2)	189.3
Minority interest	0.1	-
Total equity	(79.1)	189.3

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Year to January 2008 £m	Year to January 2007 £m
<i>Cash flows from operating activities</i>		
Operating profit	537.1	507.5
Depreciation	108.4	102.3
Loss on disposal of property, plant and equipment	5.0	2.9
Share option charge	8.8	8.3
Share of undistributed profit of associates	(0.7)	(0.4)
Exchange movement	(2.4)	2.6
(Increase)/decrease in inventories	(37.3)	42.1
Increase in trade and other receivables	(13.9)	(63.7)
Increase in trade and other payables	31.8	49.5
Pension contributions less income statement charge	0.5	(36.1)
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Cash generated from operations	637.3	615.0
Corporation taxes paid	(119.3)	(114.2)
	<hr/>	<hr/>
Net cash from operating activities	518.0	500.8
	<hr/>	<hr/>
<i>Cash flows from investing activities</i>		
Proceeds from sale of property, plant and equipment	0.4	3.4
Acquisition of property, plant and equipment	(179.3)	(139.9)
	<hr/>	<hr/>
Net cash from investing activities	(178.9)	(136.5)
	<hr/>	<hr/>
<i>Cash flows from financing activities</i>		
Repurchase of own shares	(512.8)	(316.3)
Purchase of own shares by ESOT	-	(24.8)
Proceeds from disposal of shares by ESOT	23.8	27.8
Proceeds from issue of corporate bond	-	250.0
Proceeds/(repayment) of unsecured bank loans	204.9	(100.2)
Interest paid	(40.6)	(28.6)
Interest received	4.4	3.8
Investments by minority interest	0.3	-
Payment of finance lease liabilities	(0.6)	(0.5)
Dividends paid	(109.4)	(103.9)
	<hr/>	<hr/>
Net cash from financing activities	(430.0)	(292.7)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(90.9)	71.6
Opening cash and cash equivalents	109.2	38.4
Effect of exchange rate fluctuations on cash held	-	(0.8)
	<hr/>	<hr/>
Closing cash and cash equivalents (Note 4)	18.3	109.2

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements for the year ended 26 January 2008 have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and the accounting policies set out in the Next plc Annual Report and Accounts for the year ended 27 January 2007.

The condensed consolidated financial statements are unaudited and do not represent statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 27 January 2007 have been delivered to the Registrar of Companies and included an audit report which was unqualified and which did not contain any statement under Section 237 of the Companies Act 1985.

2. Earning per share

The calculation of basic earnings per share is based on £354.1m (2007: £331.5m) being the profit for the year attributable to equity holders of the parent company and 209.9m ordinary shares of 10p each (2007: 226.9m), being the weighted average number of shares in issue less the weighted average number of shares held by the ESOT during the year.

Diluted earnings per share is based on £354.1m (2007: £331.5m) being the profit for the year attributable to equity holders of the parent company and 212.5m ordinary shares of 10p each (2007: 229.7m) being the weighted average number of shares used for the calculation of basic earnings per share above increased by the dilutive effect of potential ordinary shares from employee share option schemes of 2.6m shares (2007: 2.8m shares).

3. Reconciliation of equity

	Year to January 2008 £m	Year to January 2007 £m
Total recognised income and expense	375.9	341.7
Issue of shares in subsidiary	0.3	-
Shares purchased for cancellation	(568.0)	(316.3)
Shares purchased by ESOT	-	(24.8)
Shares issued by ESOT	23.8	27.8
Share option charge	8.8	8.3
Equity dividends paid	(109.2)	(103.6)
Total movement during the period	(268.4)	(66.9)
Opening total equity	189.3	256.2
Closing total equity	(79.1)	189.3

4. Analysis of net debt

	January 2007 £m	Cash flow £m	Other non-cash changes £m	January 2008 £m
Cash and short term deposits	121.7			56.0
Overdrafts	(12.5)			(37.7)
Cash and cash equivalents	109.2	(90.9)	-	18.3
Unsecured bank loans	(0.1)	(204.9)	-	(205.0)
Corporate bonds	(531.2)	-	(8.5)	(539.7)
Fair value hedges of corporate bonds	(19.4)	-	7.1	(12.3)

Finance leases	(2.3)	0.6	(0.1)	(1.8)
Total net debt	(443.8)	(295.2)	(1.5)	(740.5)

It is intended that the recommended dividend will be paid on 1 July 2008 to shareholders registered on 30 May 2008. The Annual General Meeting will be held at the Belmont House Hotel, De Montfort Street, Leicester LE1 7GR on Tuesday 13 May 2008. The Annual Report and Accounts will be sent to shareholders by 10 April 2008 and copies will be available from the Company's registered office: Desford Road, Enderby, Leicester, LE19 4AT and on the Company's website at www.nextplc.co.uk.

This statement, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at www.nextplc.co.uk.

Certain statements which appear in this announcement may constitute "forward looking statements" which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. These forward looking statements are identifiable by words such as "believe", "estimate", "anticipate", "plan", "intend", "aim", "forecast", "expect", "project" and similar expressions. These forward looking statements reflect Next's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward looking statements are subject to various risks and uncertainties, including but not limited to failure by Next to predict accurately customer fashion preferences; decline in the demand for merchandise offered by Next; competitive influences; changes in level of store traffic or consumer spending habits; effectiveness of Next's brand awareness and marketing programmes; general economic conditions or a downturn in the retail industry; the inability of Next to successfully implement relocation or expansion of existing stores; lack of sufficient consumer interest in Next Directory; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets. These forward looking statements do not amount to any representation that they will be achieved as they involve risks and uncertainties and relate to events and depend upon circumstances which may or may not occur in the future and there can be no guarantee of future performance. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. Next does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.