next plc

RESULTS FOR THE YEAR ENDING JANUARY 2012

Chairman's Statement

The year to January 2012 finished well for NEXT. Underlying earnings per share before exceptional profits grew by 15% to 255.4p. An excellent result in a year when the UK economy, our largest market, has struggled for growth.

During the year we continued the rapid growth of our online business both in the UK and overseas through NEXT Directory, which now accounts for 32% of group sales and 44% of operating profits. We believe that part of this success is due to our NEXT Retail store network and the ability of the two businesses to work together and support each other. Accordingly, during the year we continued to invest in our stores, upgrading and expanding where opportunities presented themselves. In particular, we now have 43 Home stand-alone stores and will continue to grow the Home business, which will give us a more significant share of this market as the UK economy recovers.

Cash generation remains strong. We continued our programme of share buybacks, buying 12.5 million shares at an average cost of 2321p. During the year we returned £425 million to shareholders in share buybacks and dividends.

We are proposing to increase the full year dividend by 15% to 90p, in line with the increase in earnings per share. This means a higher increase in the final dividend. However, we propose to pay the final dividend one month later to coincide with the peak in our Summer trading cash flows.

We have renewed our medium term bank facilities, issued a new 10 year £325m bond and bought in £158 million of the existing bonds. This leaves the group well financed for the future.

The key ingredient of our success is the stability and effectiveness of our management teams across the group. They have had a successful year and I would like to thank them for their contribution towards this performance.

During 2011 our share price and dividend performance ranked Next as the second best performing FTSE100 Company of the year. It is worth noting that over the last three years our earnings per share have grown at an annual compound rate of 18%.

Next year will bring its own challenges, particularly as growth in the UK will remain sluggish. We continue to believe that we will deliver growth by investing in the Brand, improving our products and managing the business well.

John Barton
Chairman

Chief Executive's Review

OVERVIEW

2011 presented the Retail Sector with the perfect economic storm. Consumer demand was anaemic, held back by a combination of high inflation, low growth in wages and limited growth in consumer credit. Our own input costs rose as soaring cotton prices and overseas wage inflation were passed on by our manufacturers. This, along with the higher VAT, placed upward pressure on our selling prices. Taken in this context, NEXT has performed remarkably well.

The NEXT Group increased sales on continuing business by +4.3%, operating profit by +5.6% and underlying earnings per share by +15.1%. The latter figure was boosted by strong cash generation, share buybacks and a lower tax rate. The explanation of these numbers comes in three parts: Sales, Margins and Cash.

Sales

On the sales front, although underlying sales in our existing retail stores were down as expected, this was more than compensated for by two significant avenues of sales growth:

- The addition of profitable new retail space which added 2.9% to Group sales
- The continued growth, both overseas and in the UK, of our online business the NEXT Directory, which now accounts for nearly a third of the Group's total turnover.

Margins

The Group's net operating margins were maintained despite a significant increase in manufacturing costs. We worked to re-source product from new, cheaper sources of supply and negotiated hard with our existing supply base. But this was not enough to completely offset underlying cost increases and, rather than compromise quality, we passed on some of this cost inflation in the form of 7% higher selling prices. Stocks were managed tightly and in line with our budget, we did not discount in the run up to Christmas and we improved clearance rates in our End of Season Sale.

Inflationary pressures in our cost base, mainly in wages, warehousing and occupancy costs, were more than offset by cost saving initiatives in the Group.

Cash

One of NEXT's most important qualities is its ability to turn profits into cash. As the Company has matured we have been very careful to maintain the quality of our earnings and ensure that surplus cash, generated after healthy capital investment and dividends, is consistently returned to shareholders through share buybacks. In the year ending January 2012 cash generation, combined with buybacks, increased earnings per share by 6%.

SUMMARY OF FINANCIAL RESULTS

REVENUE excluding VAT	2012	2011	
	£m	£m	
NEXT Retail	2,191.4	2,222.1	- 1.4%
NEXT Directory	1,088.7	935.5	+ 16.4%
NEXT International	76.3	67.3	+ 13.4%
NEXT Sourcing	7.5	4.1	
Lipsy	54.9	44.7	
Other activities	22.3	24.0	
Continuing business	3,441.1	3,297.7	+ 4.3%
Business sold – Ventura	64.8	156.0	
Total revenue	3,505.9	3,453.7	

PROFIT and EPS	2012	2011	
	£m	£m	
NEXT Retail	323.7	328.8	
NEXT Directory	262.6	221.9	
NEXT International	7.9	5.8	
NEXT Sourcing	21.1	26.7	
	615.3	583.2	+ 5.5%
Lipsy	1.3	1.0	
Other activities	(6.7)	(9.0)	
Share incentive charge	(16.8)	(11.8)	
Pension credit	6.7	1.2	
Unrealised exchange (loss)/gain	(1.1)	2.2	
Operating profit – continuing business	598.7	566.8	+ 5.6%
Net interest – underlying	(28.4)	(23.4)	
Underlying PBT continuing business	570.3	543.4	+ 5.0%
Taxation	(142.9)	(150.3)	
Prior year VAT and interest recovery	6.8	-	
Profit on business sold - Ventura	40.6	7.8	
Total profit after tax	474.8	400.9	
Earnings per share			
- underlying	255.4p	221.9p	+ 15.1%
- total	282.0p	221.9p	
Dividends per share	90.0p	78.0p	+ 15.4%

RETAIL

Retail performed in line with our budgets. VAT exclusive sales were down -1.4%, although the cash taken through the till (including VAT) remained in line with last year. Negative like-for-like sales were offset by sales from new space. Profit margins were maintained with profits down broadly in line with sales at -1.6%.

New Space

We increased trading space by 402,000 square feet, an increase of 6.6%, taking the Retail portfolio to 6.5m sq. feet. Sales from new space contributed +4.3% to retail sales.

The table below sets out the growth in stores and square footage. The net increase in stores is entirely as a result of adding new Home stand-alone stores and although the trading space of clothing increased by around 200,000 sq. feet the number of trading locations reduced by 3.

	Store numbers		Sq. Ft. (000's)	
January 2011		**525**		**6,073**
New Stores	+12		+177	
Closed	-15		-83	
Re-sites (9)	-		+71	
Extensions (18)	-		+34	
Home Stand-alone	+14		+203	
Net change		**11**		**402**
January 2012		**536**		**6,475**

The new space performed in line with our expectations: net branch profitability and the payback on net capital invested were comfortably within the 15% and 24 month hurdles maintained by the Company. The table below sets out forecasts which are based on sales since the date of opening.

	Sales vs Target	Forecast Profitability	Forecast Payback (months)
Mainline	7.9%	22.4%	18.4
Home	1.3%	19.1%	23.4
Total	**5.7%**	**21.4%**	**20.2**

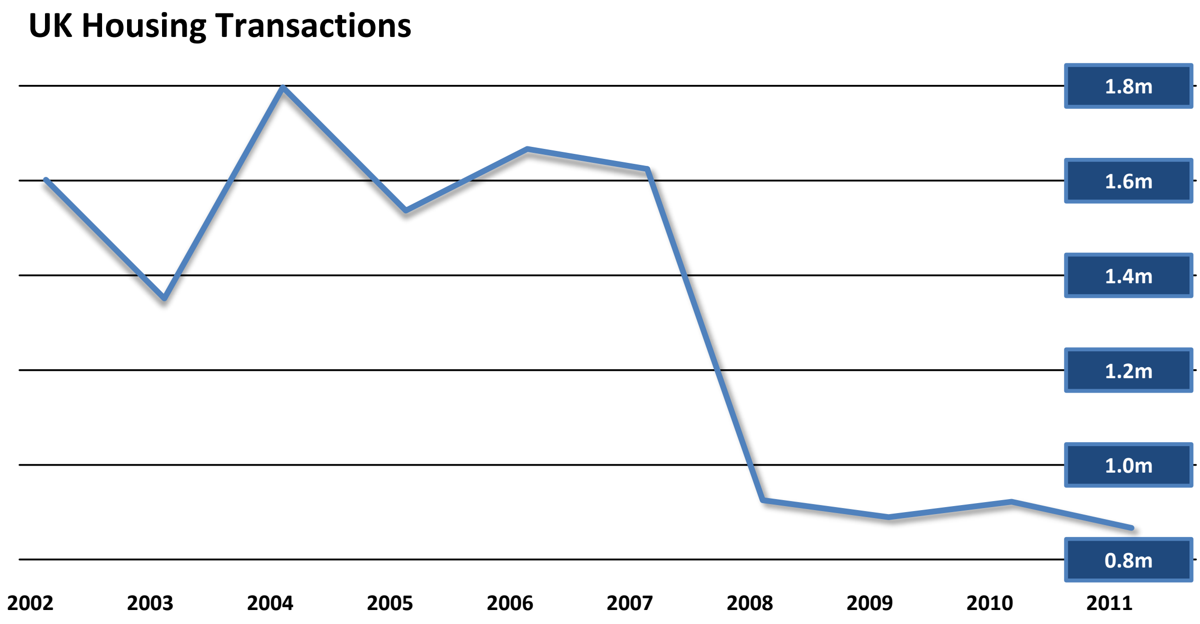
In August we opened a new large concept store in Shoreham which has proven extremely successful. The store consists of a Fashion and a Home shop, sitting side-by-side, on one stand-alone site with its own car park. The Home part of the shop carries an extended range which includes light DIY products and a small garden centre. We have identified 19 other sites around the UK where we would ideally like to open similar stores. However we expect progress to be slow as almost all of these sites require planning permission. We will open at least two more in the year ahead, one near Ipswich the other near Warrington.

We expect to open around a further 300,000 sq. feet in the year ahead and that sales from new space will contribute around 4% to retail sales during the year. This projection has reduced since September as a number of complex projects, many of which require planning permission, have slipped into the following year.

Home Stand-Alone Stores

There is a question as to whether it is wise to be opening Home shops in a market which is so obviously having a difficult time. There are two reasons why we are confident to carry on opening stores in the current environment. The first is that they are extremely profitable and provide an efficient return on capital invested. The Home stand-alone portfolio makes a 21% net branch profit.

The second is that we do not believe that the current rate of decline in the home furnishings market will continue forever, though admittedly it may take a few years to recover. The graph below, which gives UK housing transactions over the last ten years, shows just how profound and unusual a change there has been in the housing market since the credit crisis began.



UK Housing Transactions, Source HM Treasury Databank

Retail Stores in the Internet Age

There is a lot of speculation about the future of retail stores given the rapid growth of online trade generally. We remain convinced that there is a continued place for fashion retail stores and that increasingly customers will see stores and online as part of a single service. We continue to see more and more Directory customers using our shops to receive and return our products.

The table below shows the percentage of Directory orders returned and collected in store compared to the same time six months ago.

	Jan 2012	July 2011
Percentage of parcels collected through stores	**20%**	13%
Percentage of parcels returned through stores	**59%**	50%

Store Portfolio Profitability

Even though there is undoubtedly a future for retail stores, we remain mindful of the need to aggressively manage profitability in an environment where there is increasing divergence of performance between good and poor locations. We rarely take on leases of more than 10 years. All lease renewals are reviewed, and we continue to monitor underperforming stores with a view to disposing of them before they become loss making. This year we closed 14 underperforming stores which collectively traded 79,000 sq. feet and whose combined profitability was 7.9%.

The table below sets out the percentage of our turnover taken from mainline stores in different profitability bands; our portfolio of stores remains extremely profitable with very little space making less than 5% profit and 90% of our stores making more than 15% profit contribution.

Profitability of space	**Percentage of turnover**
>20%	73%
>15%	90%
>10%	97%
>5%	99%
> 0%	99.7%

Profit and Margin Analysis - Retail

Retail profitability remained flat as achieved gross margins moved forward offset by increases in occupancy and overhead costs. The table below details the margin movement in the major heads of costs.

Net operating margin last year		**14.8%**
Increase in bought-in margin	+0.3%	
Reduced markdown costs	+0.4%	
Increase in achieved gross margin		**+0.7%**
Decrease in store payroll		+0.3%
Increase in store occupancy costs		-0.4%
Increase in distribution & warehouse costs		-0.3%
Increase in central costs		-0.3%
Net operating margin this year		**14.8%**

The Company's decision to order stock earlier, and increase stock-holding throughout the year, meant that we were able to reduce the amount of air freight required to transport stock last minute. This increased our bought-in margin by 0.3%. Improved clearance rates in the End of Season Sale and reduced markdowns added a further 0.4% to achieved gross margin, although some of this gain has been offset by increased handling charges as noted below.

Productivity savings in the stores more than offset the cost-of-living increase in branch wage rates and additional Boxing Day premium pay. The net savings in wages added 0.3% to margin.

Store occupancy costs increased as a percentage of sales, mainly because like-for-like sales declined. Underlying rent and rates increased by 1.8% and 4.7% respectively. Rent increases incurred in any one year are the result of five yearly rent reviews, so this number represents the compound annual growth over the last five years. We anticipate that rental inflation will fall further in the year ahead.

Distribution and warehousing costs rose due to wage rate inflation, additional costs incurred re-balancing stock between stores, and as a result of the growth in furniture sales requiring two-man Home deliveries.

Central costs included additional amounts for employee incentives, Carbon Tax and NEXT's commercial arrangements for the 2012 Olympics.

DIRECTORY

The NEXT Directory has had another very good year with sales growing 16.4% and profits up 18.3%.

Directory Sales

Directory sales were driven by a combination of growth in UK full price sales, additional End of Season markdown sales, the new "Offers" tab (which is the equivalent of an online version of our Retail Clearance stores) and international sales. The table below sets out the different components of growth:

	Contribution to growth
UK Full Price Sales	8.4%
International Online	2.4%
UK Offers Tab	2.5%
Increased End of Season Sale	3.1%
Total Growth	**16.4%**

Directory stock for the Sale was up 26% on last year, whereas markdown stock across the brand was up only 10.7%. The disproportionate growth in Directory was mainly the result of transferring less surplus stock from Directory to Retail.

The "Offers" tab sells prior season stock that has already been written down to one third of cost in exactly the same way as our Clearance stores operate in Retail. These sales do not therefore adversely affect margin in the season they are sold because the obsolescence cost of the stock has already been taken in the previous season.

New Customers

Directory active customers increased by 9.6% to just under three million, only 3.4% of the growth in customers came from traditional credit customers and 6.2% from new cash-only customers. The table below sets out the growth in new customers by category of customer.

	Jan 2012		Jan 2011		Contribution to customer growth
Credit customers		2,557		2,464	3.4%
Cash customers - UK	356		230		
Cash customers - Overseas	82		37		
Total cash customers		438		267	6.2%
Total active customers		**2,995**		**2,731**	**9.6%**

Although credit customers only grew by 3.4%, sales to credit customers grew by 12%, as existing customers increased their average annual spend.

Improving Service

Whilst much of the growth in our internet business has come as a result of the underlying growth in the use of the internet generally, we believe that our service improvements have made a significant difference to sales. In particular, the fact that we now deliver next day as standard to customers who order any time up till 9pm at night. We intend to continue to improve our delivery services in the year ahead with the introduction of Sunday and evening deliveries (both of which will be charged at a premium rate).

The key to our ability to improve our service offer lies in the £236m of capital we have invested over the last ten years in new warehousing capacity and automation. This means that most stocked items can be cost effectively picked, packed, sorted and ready for despatch from our warehouses within 90 minutes of an order being taken.

Directory Overseas

Directory continues to make good progress overseas with annual sales reaching £33m last year against only £10m the previous year. We now trade online in 48 countries overseas with sales being particularly strong in Germany, USA, Australia, Eire, Poland and Russia (the last of which only commenced trading in September last year). We are budgeting for international online sales of £50m in the year ahead, at a profitability of circa 20%.

We now trade in most of the major consumer markets, but there is still the opportunity to open in a further 15 new markets during 2012, the most important of which are likely to be Middle Eastern countries in which we already have successful franchises. We anticipate a Chinese language site will be operational in mainland China during the year, though this has proven harder to get up and running than initially anticipated.

Profit and Margin Analysis - Directory

Over the course of 2011, margins in NEXT Directory have improved by +0.4%, the reasons for which are detailed below.

Net operating margin last year		**23.7%**
Increase in bought-in gross margin	+0.6%	
Reduction in markdown costs	+0.2%	
Increase in achieved gross margin		+0.8%
Improvement in bad debt	+0.4%	
Reduced service charge income	-0.9%	
Reduction in net service charge		-0.5%
Increase in warehouse and distribution costs		-0.7%
Decrease in marketing, other and central costs		+0.8%
Net operating margin this year		**24.1%**

The achieved gross margin increased by 0.8%. As in Retail, Directory bought-in gross margin increased as a result of lower air freight costs. In addition, higher margin clothing sales grew faster than Home sales, which were restrained by the opening of new stand-alone Retail Home stores. Markdown costs reduced, as improved clearance rates more than offset the 26% increase in stock for the Directory Sale.

We continued to see an improvement in bad debt rates, a trend which we have seen for over two years now. Bad debt rates are now the lowest we have ever known them. We believe that this is a result of the credit crunch, which reduced credit availability generally, thus reducing consumer's ability to take on debt they could not afford.

Overall service charge income increased in value but decreased as a percentage of sales. Service charge income grew by 8% whilst total sales were up 16%, so net margins were reduced by -0.9%.

An increase in warehousing and distribution costs reduced margin by -0.7%. Most of this cost increase came from warehousing and was the result of additional labour used to improve stock distribution between Retail and Directory. It was this exercise that allowed us to improve the efficiency of our clearance online. In addition, staffing costs were inflated by the increased use of agency staff, the annual cost of living wage award and increased management cover.

There were significant inflationary rises in the underlying costs of parcel distribution but these were offset by greater use of our stores for deliveries and returns, along with a reduction in free post and packaging promotions throughout the year.

Increases in central overheads, including the payment of higher staff incentives, were more than offset by marketing and call centre savings. These costs were reduced by increased use of the internet and a reduction in the number of customers requesting printed catalogues.

INTERNATIONAL RETAIL

The majority of this business is conducted through our franchise partners. In total, they operate 164 NEXT stores in 30 countries. Reported partner sales increased by 9% in total and 5% on a like-for-like basis. Sales in our 26 wholly owned and joint venture overseas stores were only marginally up on last year.

Revenue and income for our international business is set out below. The franchise income is the cost of goods sold to our partners plus either a royalty or mark-up.

£m	2012	2011	
Franchise income	58.7	49.9	
Owned and JV sales	17.6	17.4	
Total revenue	**76.3**	**67.3**	+13.4%
Profit excluding write offs	8.3	7.0	+18.0%
% to revenue	10.9%	10.4%	
Write offs	(0.4)	(1.2)	
Operating profit	**7.9**	**5.8**	+36.9%

We are forecasting that International Retail will make a profit of £8m in the year ahead.

NEXT SOURCING

NEXT Sourcing is the largest single supplier to NEXT and has offices in China, India, Sri Lanka, Bangladesh and Turkey. Sales increased by 1.8% in Sterling terms and slightly more in local currencies. Profit, of £21m, was down on last year as the reduced commission rates implemented in 2010 took full effect. In addition Next Sourcing took a significant one off provision relating to faulty stock, most of which was identified before delivery.

£m	2012	2011
External sales	7.5	4.1
Internal sales	511.5	505.7
Total sales	**519.0**	**509.8**
Operating profit	**21.1**	**26.7**
Operating margin	4.10%	5.20%

We are forecasting NEXT Sourcing profits to recover to around £25m in the year ahead.

OTHER PROFIT AND LOSS MOVEMENTS

Ventura

In July we announced the sale of Ventura to The Capita Group plc for £65m. The proceeds were returned to shareholders through share buybacks and the effect of the transaction was neutral in terms of earnings per share.

Ventura is shown as a discontinued business in these accounts and the profit of £40.6m is made up of:

- The £2.6m post-tax trading profit up to the date of sale,
- Plus the sale proceeds,
- Less the net asset value and sale costs.

Lipsy

After a very difficult first half, the second half was somewhat better. The sales increase came through Lipsy stores and online, with use of the NEXT infrastructure being of significant benefit.

Lipsy now operates 49 stores, 17 are stand-alone and 32 are either separate stores carved out of a NEXT property or integral within a NEXT store and thereby leveraging staff, systems and services. We expect Lipsy to have 55 stores by the end of the year and the majority will be of the integral type.

Online sales increased by 70% to £9m and, whilst sales through the Lipsy site increased, the biggest growth came from a specific Lipsy tab on the NEXT Directory site. This brings Lipsy products to many more potential customers, along with the Directory customer service offer.

Interest and Taxation

The underlying interest charge of £28m was as forecast and included costs relating to the issue of a new 10 year bond, redemption of £158m existing bonds and renewal of our medium term bank facility. Debt averaged £630m at an average rate of 4% on our mix of fixed and floating rate debt. For the year ahead we expect debt to average £600m and a similar interest charge of £28m.

Our tax rate would have reduced to 26.3% due to the reduction in corporation tax rates. However, we have resolved a significant prior year issue and this resulted in a further rate reduction to 25.1%. On the assumption that corporation tax rates continue to reduce as announced, we expect our tax rate to be 25% or less in each of the next two years.

BALANCE SHEET AND CASH FLOW

Cash Flow

During the year the Group generated just over £200m of cash and a further £63m from the sale of Ventura. This cash generation was after capital expenditure, tax and dividends but before buybacks and additional ESOT cover.

Capital expenditure amounted to £126m and we are planning for £115m in the year ahead, we will continue to invest in profitable new stores and will spend less on warehouse developments. At the end of last year we significantly increased our stock-holding to improve availability, so throughout the year stock levels were significantly up. As this step change annualised stock levels came into line with last year and were just 1% up at the year end. Directory debtor balances rose £74m to £574m, up 15% and only slightly less than the growth in sales and was marginally ahead of our expectations.

At the half year we reported on the issue of a new 10 year bond and can now advise that we have renewed our medium term, committed bank facility. We have a syndicate of six banks who commit to provide up to £300m over the next five years. Total debt facilities available are as follows:

	£m
2013 bonds	85
2016 bonds	213
2021 bonds	325
Total bonds nominal value	**623**
2016 committed bank facility	300
Total debt facilities available	**923**

We believe NEXT will continue to generate cash in the year ahead to fund growth, pay dividends and continue with share buybacks. We currently estimate a cash inflow of around £200m after capital expenditure, interest, tax and dividends, but before share buybacks.

Share Buybacks and Debt

During the year we acquired 12.5 million shares (6.9% of those in issue at the start of the year) at an average price of £23.21 and a cost of £290m. Since the year end we have purchased a further 0.6m shares at a cost of £16m.

We will continue to use buybacks to manage our capital base efficiently. It is our intention to maintain investment grade credit rating and we will not pursue buybacks to the detriment of developing the business. Subject to market conditions, we intend to return between £140m and £200m to shareholders via share buybacks in the current year. In this scenario, we expect net debt will fluctuate between £550m and £700m for the majority of the year and will again be around £575m by January 2013.

DIVIDENDS

We have proposed raising our final dividend to 62.5p, taking the total dividend for the year to 90p. This is an increase of 15% and broadly in line with growth in underlying EPS. Dividend cover remains at 2.8 times.

In previous years, we have paid the final dividend in early July. We are moving the payment date to early August. This better aligns the dividend outflow of £100m to the matching cash inflows from our late July Summer Sale.

INTERIM MANAGEMENT STATEMENT

Our next statement will cover the first quarter to the end of April and is provisionally scheduled for Wednesday 2 May 2012.

OUTLOOK

The outlook for the year ahead is very uncertain, and in this environment we think it is sensible to again be cautious in our budgeting.

Outlook for the consumer

There is *some* important good news for the consumer. As expected, inflation has begun to fall and looks set to ease further. So by the third quarter consumers should see their incomes rising broadly in line with prices – a welcome end to deflation in real earnings. Inflation in our own prices has also evaporated and selling prices going forward will be in line with those last year.

However, in 2012 there remain two important constraints to growth in consumer spending:

- **Employment** took a turn for the worse in the middle of last year and currently the creation of jobs in the private sector is only barely keeping pace with the reductions in public sector employment. So it looks as though there is little chance of increased employment improving the consumer economy.
- **Credit availability** remains very tight for business and consumers alike. The recent increases in mortgage rates, announced by several UK lenders, is indicative of a world where credit conditions are unlikely to ease.

In addition any worsening in the **Eurozone sovereign debt** crisis would further undermine UK employment and put additional pressure on banks' balance sheets. So this possibility remains a significant downside risk to the UK consumer.

On balance we believe that these on-going constraints outweigh much of the upside potential for 2012 and accordingly we are budgeting conservatively.

Outlook for Sales

Our plan for the year ahead is similar to the approach taken last year. We anticipate that underlying retail sales will remain negative but that we can continue to move the top line forward (albeit modestly) through the addition of profitable new space and the continued development of the NEXT Directory.

It is too early to give a full year forecast but our budget for the first half is for Brand sales to be up between 1% and 4%, with Retail sales between 0% and -3% and Directory between +9% and +12%. It is worth noting that the growth in the first quarter's sales is likely to be lower than the second, as last year's first quarter was boosted by an exceptionally warm Easter and the Royal Wedding. Last year growth in the first quarter was 5.2% but in the second only 1.3%.

Outlook Margins and Costs

We anticipate that bought-in gross margin for the full year (the difference between the cost of the stock and its retail selling price before markdown) will be level with last year, with manufacturing costs and selling prices both remaining in line with last year. Stocks are being managed tightly and if sales are within our budgeted range we do not anticipate any significant change to markdown and obsolescence costs.

We estimate that annual inflation in our existing cost base (i.e. excluding the costs of new space) will be around £36m, driven mainly by wage inflation of 2.5% and underlying increases in rent and rates. However we believe that we can offset at least £28m of this increase with cost saving initiatives.

Outlook for Cash and Buybacks

We anticipate that the Company will generate £200m of surplus cash after allowing for capital investment, tax and dividends. We intend to use up to this amount to buy back shares and at a price of £28.00 that sum would buy around 4% of the shares in issue.

Scenarios for Full Year Profit and Earnings per Share

Our budget for the Autumn Winter season has yet to be finalised. However, *if* sales for the full year fall within our range for the Spring Summer season and we buyback 4% of the Company's shares, then the table below sets out the likely ranges for growth in sales, profits and EPS.

	Low Scenario	High Scenario
Total Brand Sales	+1%	+4%
Full Year Profit Before Tax	£560m	£610m
Full Year Profit Before Tax	-2%	+7%
EPS Growth	**+3%**	**+12%**

In Summary

NEXT has performed well in a difficult year, delivering good growth in sales and profits combined with exceptional advances in earnings per share and dividends. The year ahead looks no less challenging but the Group is well prepared and has further opportunities for growth. We remain strongly cash generative and have every chance of delivering another year of increased sales and earnings per share.

Lord Wolfson of Aspley Guise
Chief Executive
22 March 2012

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Year to January 2012			Year to January 2011
	Underlying £m	**Exceptional items (Note 2) £m**	**Total £m**	Total £m
Continuing operations				
Revenue	**3,441.1**	**-**	**3,441.1**	3,297.7
Cost of sales	**(2,395.8)**	**-**	**(2,395.8)**	(2,332.6)
Gross profit	**1,045.3**	**-**	**1,045.3**	965.1
Distribution costs	**(245.7)**	**-**	**(245.7)**	(223.2)
Administration expenses	**(201.3)**	**-**	**(201.3)**	(179.1)
Other (losses)/gains	**(1.1)**	**3.1**	**2.0**	2.2
Trading profit	**597.2**	**3.1**	**600.3**	565.0
Share of results of associates	**1.5**	**-**	**1.5**	1.8
Operating profit	**598.7**	**3.1**	**601.8**	566.8
Finance income	**0.5**	**6.1**	**6.6**	0.9
Finance costs	**(28.9)**	**-**	**(28.9)**	(24.3)
Profit before taxation	**570.3**	**9.2**	**579.5**	543.4
Taxation	**(142.9)**	**(2.4)**	**(145.3)**	(150.3)
Profit from continuing operations	**427.4**	**6.8**	**434.2**	393.1
Profit from discontinued operations (Note 3)	**2.6**	**38.0**	**40.6**	7.8
Profit for the year	**430.0**	**44.8**	**474.8**	400.9
Profit for the period attributable to:				
Equity holders of the parent company	**430.1**	**44.8**	**474.9**	401.1
Non-controlling interest	**(0.1)**	**-**	**(0.1)**	(0.2)
Profit for the year	**430.0**	**44.8**	**474.8**	400.9

	Underlying	**Total**	Total
<u>**Basic earnings per share**</u>			
Continuing operations	**253.9p**	**257.9p**	217.6p
Discontinued operations	**1.5p**	**24.1p**	4.3p
Total	**255.4p**	**282.0p**	221.9p
<u>**Diluted earnings per share**</u>			
Continuing operations	**247.6p**	**251.6p**	212.3p
Discontinued operations	**1.5p**	**23.5p**	4.2p
Total	**249.1p**	**275.1p**	216.5p

UNAUDITED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

	Year to January 2012 £m	Year to January 2011 £m
Profit for the year	**474.8**	400.9
Other comprehensive income and expenses		
Exchange differences on translation of foreign operations	**(2.0)**	-
Gains on cash flow hedges	**15.6**	1.8
Actuarial (losses)/gains on defined benefit pension scheme	**(28.5)**	64.3
Tax relating to components of other comprehensive income	**4.5**	(15.5)
	(10.4)	50.6
Reclassification adjustments		
Transferred to income statement on cash flow hedges	**5.0**	(14.8)
Transferred to the carrying amount of hedged items on cash flow hedges	**(5.9)**	4.7
Exchange gains transferred to income statement on disposal of subsidiary	**(0.6)**	-
Other comprehensive (expense)/income for the year	**(11.9)**	40.5
Total comprehensive income for the year	**462.9**	441.4
Attributable to:		
Equity holders of the parent company	**463.0**	441.5
Non-controlling interest	**(0.1)**	(0.1)
Total comprehensive income for the year	**462.9**	441.4

UNAUDITED CONSOLIDATED STATEMENT OF
CHANGES IN TOTAL EQUITY

	Year to January 2012 £m	Year to January 2011 £m
Opening total equity	**232.4**	133.4
Total comprehensive income		
Equity holders of the parent company	**463.0**	441.5
Non-controlling interest	**(0.1)**	(0.1)
Issue of shares	**-**	0.1
Shares purchased for cancellation	**(323.0)**	(165.3)
Shares purchased by ESOT	**(112.3)**	(95.9)
Shares issued by ESOT	**67.6**	31.0
Share option charge	**17.9**	11.8
Tax recognised directly in equity	**12.3**	5.5
Equity dividends paid	**(135.1)**	(129.6)
Closing total equity	**222.7**	232.4

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	January 2012 £m	January 2011 £m
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant & equipment		**581.9**	592.4
Intangible assets		**45.6**	46.5
Interests in associates		**6.1**	5.1
Other investments		**1.0**	1.0
Defined benefit pension surplus		**35.1**	55.7
Other financial assets	7	**44.6**	24.3
		714.3	725.0
Current assets			
Inventories		**371.9**	368.3
Trade and other receivables		**699.1**	645.6
Other financial assets	7	**12.5**	4.1
Cash and short term deposits		**56.4**	49.3
		1,139.9	1,067.3
Total assets		**1,854.2**	1,792.3
Current liabilities			
Bank overdrafts		**(7.6)**	(10.2)
Unsecured bank loans		**-**	(115.0)
Trade and other payables		**(545.0)**	(544.6)
Other financial liabilities	7	**(87.0)**	(54.7)
Current tax liabilities		**(102.8)**	(108.4)
		(742.4)	(832.9)
Non-current liabilities			
Corporate bonds	8	**(652.1)**	(471.2)
Provisions		**(12.0)**	(13.3)
Deferred tax liabilities		**(15.4)**	(23.4)
Other financial liabilities	7	**(4.4)**	(2.6)
Other liabilities	9	**(205.2)**	(216.5)
		(889.1)	(727.0)
Total liabilities		**(1,631.5)**	(1,559.9)
Net assets		**222.7**	232.4
EQUITY			
Share capital		**16.9**	18.1
Share premium account		**0.8**	0.8
Capital redemption reserve		**13.0**	11.8
ESOT reserve		**(141.1)**	(138.6)
Fair value reserve		**11.5**	(3.2)
Foreign currency translation reserve		**2.0**	4.6
Other reserves		**(1,443.8)**	(1,443.8)
Retained earnings		**1,763.4**	1,782.6
Shareholders' equity		**222.7**	232.3
Non-controlling interest		**-**	0.1
Total equity		**222.7**	232.4

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Year to January 2012 £m**	Year to January 2011 £m
Cash flows from operating activities			
Operating profit - continuing operations		**601.8**	566.8
Operating profit - discontinued operations		**2.9**	8.0
Depreciation and amortisation		**119.7**	119.3
Impairment		**1.4**	2.3
Loss on disposal of property, plant & equipment		**4.5**	6.9
Share option charge		**16.8**	11.8
Share of undistributed profit of associates		**(1.0)**	(1.1)
Exchange movement		**(0.7)**	(2.6)
Increase in inventories		**(3.6)**	(59.3)
Increase in trade and other receivables		**(93.8)**	(29.0)
Increase in trade and other payables		**28.2**	11.7
Pension contributions less income statement charge		**(6.4)**	(40.9)
Cash generated from operations		**669.8**	593.9
Corporation taxes paid		**(143.9)**	(141.9)
Net cash from operating activities	3	**525.9**	452.0
Cash flows from investing activities			
Net proceeds from disposal of subsidiary	3	**63.0**	-
Proceeds from sale of property, plant & equipment		**1.9**	1.9
Additions to property, plant & equipment		**(126.1)**	(144.3)
(Decrease)/increase in capital accruals		**(9.0)**	23.7
Payment of deferred consideration		**-**	(19.4)
Net cash from investing activities		**(70.2)**	(138.1)
Cash flows from financing activities			
Repurchase of own shares		**(291.1)**	(221.6)
Purchase of shares by ESOT		**(106.7)**	(99.7)
Proceeds from disposal of shares by ESOT		**67.6**	31.0
(Repayment)/proceeds from unsecured bank loans		**(115.0)**	115.0
Net proceeds from bond issue and tender	8	**153.3**	-
Repurchase of corporate bonds		**-**	(51.3)
Interest paid		**(23.9)**	(21.6)
Interest received		**5.0**	0.9
Payment of finance lease liabilities		**(0.2)**	(0.3)
Dividends paid		**(135.1)**	(129.6)
Net cash from financing activities		**(446.1)**	(377.2)
Net increase/(decrease) in cash and cash equivalents		**9.6**	(63.3)
Opening cash and cash equivalents		**39.1**	102.3
Effect of exchange rate fluctuations on cash held		**0.1**	0.1
Closing cash and cash equivalents	10	**48.8**	39.1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The results for the financial year are for the 52 weeks to 28 January 2012 (last year 52 weeks to 29 January 2011) with the exception of NEXT Sourcing and certain other activities which relate to the calendar year to 31 January.

The condensed consolidated financial statements for the year ended 28 January 2012 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 29 January 2011.

The condensed consolidated financial statements are unaudited and do not constitute statutory accounts of the Company within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year to January 2011 have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

Going concern

The Directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

Changes in accounting standards

An amendment to IAS 19 Employee Benefits was published in June 2011. The amendment applies to accounting periods beginning after 1 January 2013 and affects the accounting for defined benefit pension schemes. The precise impact will depend on the future position of the pension scheme and future actuarial assumptions, but the changes are not expected to have a material effect on the Group's reported profits or equity.

Various other new accounting standards and amendments have also been issued during the year, none of which have had or are expected to have any significant impact on the Group.

2. Exceptional items

The Group recently reached agreement with HM Revenue & Customs for the recovery of overpaid VAT on product sales made during the period from 1973 to 1988. The total amount recoverable is £9.2m, comprising £3.1m of VAT and interest thereon of £6.1m. Together with the gain on the sale of Ventura (see Note 3), this is presented separately in the Income Statement to provide a clearer understanding of the underlying financial performance during the year.

3. Discontinued operations

Ventura, the Group's customer services management business, was sold to The Capita Group plc on 1 July 2011 for £65m on a cash and debt free basis. Net cash proceeds of £63m were received on completion and the balance of the consideration was received on 31 January 2012.

The table below shows the results of Ventura and the impact of its disposal on the Group:

	Year to January 2012			Year to January 2011
	Underlying £m	**Exceptional items £m**	**Total £m**	Total £m
Revenue	**64.8**	**-**	**64.8**	156.0
Expenses	**(61.9)**	**-**	**(61.9)**	(148.0)
Profit before taxation	**2.9**	**-**	**2.9**	8.0
Taxation	**(0.3)**	**-**	**(0.3)**	(0.2)
Profit after taxation	**2.6**	**-**	**2.6**	7.8
Profit on disposal	**-**	**37.6**	**37.6**	-
Acceleration of share option charge	**-**	**(1.1)**	**(1.1)**	-
Pension credit on disposal	**-**	**1.5**	**1.5**	-
Profit from discontinued operations	**2.6**	**38.0**	**40.6**	**7.8**

In the cash flow statement, net cash from operating activities includes an outflow of £9.9m in respect of Ventura during the current year up to disposal. In the prior year, net cash from operating activities includes an inflow from Ventura of £7.7m.

4. Segmental analysis

The Group's operating segments under IFRS 8 have been determined based on the management accounts reviewed by the Board of Directors. The Board assesses the performance of the operating segments based on profits before interest and tax, excluding equity settled share option charges recognised under IFRS 2 and unrealised foreign exchange gains or losses on derivative instruments.

	External revenue		**Internal revenue**		**Total revenue**	
Year to January	**2012**	2011	**2012**	2011	**2012**	2011
	£m	£m	**£m**	£m	**£m**	£m
Continuing operations						
NEXT Retail	**2,191.4**	2,222.1	**6.7**	6.4	**2,198.1**	2,228.5
NEXT Directory	**1,088.7**	935.5	**-**	-	**1,088.7**	935.5
NEXT International	**76.3**	67.3	**-**	-	**76.3**	67.3
NEXT Sourcing	**7.5**	4.1	**511.5**	505.7	**519.0**	509.8
	3,363.9	3,229.0	**518.2**	512.1	**3,882.1**	3,741.1
Lipsy	**54.9**	44.7	**3.5**	4.4	**58.4**	49.1
Property Management	**6.2**	6.9	**188.8**	186.5	**195.0**	193.4
Total segment revenues	**3,425.0**	3,280.6	**710.5**	703.0	**4,135.5**	3,983.6
Other	**16.1**	17.1	**-**	-	**16.1**	17.1
Eliminations	**-**	-	**(710.5)**	(703.0)	**(710.5)**	(703.0)
	3,441.1	3,297.7	**-**	-	**3,441.1**	3,297.7
Discontinued operations						
Ventura	**64.8**	156.0	**2.0**	4.6	**66.8**	160.6

Other revenues comprise third party distribution activities.

	Year to January 2012			2011
Segment profit	**Underlying £m**	**Exceptional items £m**	**Total £m**	Total £m
Continuing operations				
NEXT Retail	**323.7**	**-**	**323.7**	328.8
NEXT Directory	**262.6**	**-**	**262.6**	221.9
NEXT International	**7.9**	**-**	**7.9**	5.8
NEXT Sourcing	**21.1**	**-**	**21.1**	26.7
	615.3	**-**	**615.3**	583.2
Lipsy	**1.3**	**-**	**1.3**	1.0
Property Management	**5.6**	**-**	**5.6**	2.3
Total segment profit	**622.2**	**-**	**622.2**	586.5
Other activities	**(7.1)**	**3.1**	**(4.0)**	(11.9)
Share option charge	**(16.8)**	**-**	**(16.8)**	(11.8)
Unrealised foreign exchange (loss)/gain	**(1.1)**	**-**	**(1.1)**	2.2
Trading profit	**597.2**	**3.1**	**600.3**	565.0
Share of results of associates	**1.5**	**-**	**1.5**	1.8
Finance income	**0.5**	**6.1**	**6.6**	0.9
Finance costs	**(28.9)**	**-**	**(28.9)**	(24.3)
Profit before tax - continuing operations	**570.3**	**9.2**	**579.5**	543.4
Profit before tax - discontinued (Ventura)	**2.9**	**38.0**	**40.9**	8.0

5. Earnings per share

	Year to January 2012			Year to January 2011
	Underlying	**Exceptional items**	**Total**	Total
	£m	**£m**	**£m**	£m
Profit after tax attributable to equity holders of the parent company (£m)				
Continuing operations (£m)	**427.5**	**6.8**	**434.3**	393.3
Discontinued operations (£m)	**2.6**	**38.0**	**40.6**	7.8
Total	**430.1**	**44.8**	**474.9**	401.1
Weighted average shares in issue (m)	**174.3**		**174.3**	185.0
Weighted average shares held by ESOT (m)	**(5.9)**		**(5.9)**	(4.3)
Weighted average shares for basic EPS (m)	**168.4**		**168.4**	180.7
Basic earnings per share (p)				
Continuing operations	**253.9**		**257.9**	217.6
Discontinued operations	**1.5**		**24.1**	4.3
Total	**255.4**		**282.0**	221.9
Weighted average shares for basic EPS (m)	**168.4**		**168.4**	180.7
Weighted average dilutive potential shares (m)	**4.3**		**4.3**	4.6
Weighted average shares for diluted EPS (m)	**172.7**		**172.7**	185.3
Diluted earnings per share (p)				
Continuing operations	**247.6**		**251.6**	212.3
Discontinued operations	**1.5**		**23.5**	4.2
Total	**249.1**		**275.1**	216.5
Weighted average shares for basic EPS (m)	**168.4**		**168.4**	180.7
Weighted average share options outstanding (m)	**11.9**		**11.9**	13.6
Weighted average shares for fully diluted EPS (m)	**180.3**		**180.3**	194.3
Fully diluted earnings per share (p)				
Continuing operations	**237.1**		**240.9**	202.5
Discontinued operations	**1.4**		**22.5**	4.0
Total	**238.5**		**263.4**	206.5

Basic earnings per share is based on the profit for the year attributable to the equity holders of the parent company and the weighted average number of shares ranking for dividend less the weighted average number of shares held by the ESOT during the period.

Diluted earnings per share is based on the weighted average number of shares used for the calculation of basic earnings per share as increased by the dilutive effect of potential ordinary shares. Dilutive shares arise from employee share option schemes where the exercise price is less than the average market price of the Company's ordinary shares during the period.

Fully diluted earnings per share is used for the purposes of the Share Matching Plan and is based on total underlying profit and the weighted average number of shares used for the calculation of basic earnings per share, increased by the weighted average total employee share options outstanding during the period.

Underlying earnings per share is based on profit before the exceptional items described in Note 2.

6. Share purchases

Movements in the Company's issued share capital are shown in the table below:

	Ordinary shares (no.)	Cost £m
Shares in issue at 29 January 2011	181,221,387	
Shares purchased for cancellation	(12,481,600)	289.7
Shares in issue at 28 January 2012	**168,739,787**	

In addition, movements in NEXT plc ordinary shares held by the NEXT Employee Share Ownership Trust (ESOT) were as follows:

	Ordinary shares (no.)	Cost/ (proceeds) £m
Shares held by ESOT at 29 January 2011	6,392,633	
Shares purchased by ESOT	4,685,000	107.7
Shares issued by ESOT	(5,440,245)	(67.6)
Shares held by ESOT at 28 January 2012	**5,637,388**	

7. Other financial assets and liabilities

At 28 January 2012, other financial assets and other financial liabilities included £57.1m of assets and £7.0m of liabilities relating to the fair value of derivative contracts which the Group uses to manage its foreign currency and interest rate risks.

Other current financial liabilities at 28 January 2012 also includes £84.4m in respect of contingent purchase contracts and irrevocable close season buyback agreements entered into by the Company and the ESOT for the purchase of shares in NEXT plc. At 20 March 2012, £22.7m of the year end commitment had been fulfilled, £54.7m was unfulfilled and had expired, and £7.0m remained open for potential completion under contingent purchase contracts.

In addition, an amount of £1.8m in respect of NEXT plc and ESOT share purchases completed but not settled as at 28 January 2012 is included within trade and other payables.

8. Corporate bonds

During the year, NEXT issued £325m of new 10-year 2021 bonds and redeemed £158.2m of its existing 2013 and 2016 bonds. Holders of the Company's 2013 and 2016 bonds were invited to tender their holdings, either for cash or in exchange for the new 10-year issue.

The table below shows the effect of the transactions during the period:

	2013 bonds 5.25% £m	2016 bonds 5.875% £m	2021 bonds 5.375% £m	Total £m	Consideration* £m
Nominal value at January 2011	206.3	250.0	-	456.3	-
Bonds tendered and accepted	(120.8)	(37.4)	-	(158.2)	(169.7)
New issue	-	-	325.0	325.0	323.0
Nominal value at January 2012	**85.5**	**212.6**	**325.0**	**623.1**	**153.3**

* Consideration includes premiums on redemption and is stated net of transaction fees and before settlement of accrued interest.

As explained in Note 29 of the January 2011 Annual Report and Accounts, the Group uses interest rate derivatives to manage the interest rate risk associated with its bonds. After accounting for gains on interest rate swaps, which partly offset the premiums paid on redemption, the transactions resulted in a net £1.5m charge to finance costs.

During the year, £175m of the new £325m bond issue was swapped into floating rate liabilities using interest rate swaps which have been designated as fair value hedges. The table below shows the nominal value and effective interest rates over the remaining lives of the bonds:

	Nominal value £m	Effective interest rate
2013 bonds		
Floating	85.5	6m LIBOR + 0.9%
2016 bonds		
Fixed	162.6	5.875%
Floating	50.0	6m LIBOR + 1.7%
	212.6	
2021 bonds		
Fixed	150.0	5.375%
Floating	175.0	6m LIBOR + 1.9%
	325.0	
Total	**623.1**	

The balance sheet liability of £652.1m includes £29.0m of fair value adjustments relating to interest rate swaps which are designated as fair value hedges.

9. Other non-current liabilities

Other non-current liabilities relate to the long term element of deferred lease incentives received and liabilities which are not expected to be settled within one year.

10. Analysis of net debt

	January 2011 £m	Cash flow £m	Other non-cash changes £m	**January 2012 £m**
Cash and short term deposits	49.3			**56.4**
Overdrafts	(10.2)			**(7.6)**
Cash and cash equivalents	39.1	9.6	0.1	**48.8**
Unsecured bank loans	(115.0)	115.0	-	**-**
Corporate bonds	(471.2)	(153.3)	(27.6)	**(652.1)**
Fair value hedges of corporate bonds	17.4	-	11.7	**29.1**
Finance leases	(0.7)	0.2	-	**(0.5)**
Total net debt	(530.4)	(28.5)	(15.8)	**(574.7)**

It is intended that the recommended final dividend will be paid on 1 August 2012 to shareholders registered on 29 June 2012. The Annual General Meeting will be held at the Leicester Marriott Hotel, Smith Way, Grove Park, Leicester, LE19 1SW on Thursday 17 May 2012. The Annual Report and Accounts will be sent to shareholders by 17 April 2012 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.