

INTERIM MANAGEMENT STATEMENT

Interim management statement

Current trade

The combined sales for Next Retail and Next Directory for the fifteen week period from 28 January to 12 May 2007 were up 2.2% compared to the same period last year.

Next Retail sales were up 1.2% in the period. Mainline like for like sales in the 336 stores that were unaffected by new openings were down -2.7%.

Next Directory sales were up 4.6% in the period.

Trade has been extremely volatile - a good Easter was followed by a very disappointing first two weeks of May. Overall the current Next Retail like for like performance represents a significant improvement over the -7.2% experienced last year and reflects some of the changes made to our product ranges and marketing. We continue to budget on the basis that first half Next Retail like for like sales will be in the range -1% to -4%.

Prospects

Whilst we are cautious about the consumer environment for the rest of this year we believe we can make further improvements to our ranges, marketing and shopfit. We are budgeting for our like for like sales performance in the second half to be better than in the first.

Our current estimate for net additional space in Next Retail is 125,000 square feet in the first half and 275,000 square feet in the second half, making 400,000 square feet for the year.

Our cost control and margin management programmes are going well and in line with our expectations.

Share buybacks

This year we have entered into contingent share purchase contracts which to date have delivered 100,000 shares at a cost of £2.1m. If contracts currently outstanding continue to maturity then a further 3m shares will be purchased for cancellation at a cost of £67m.