

# INTERIM MANAGEMENT STATEMENT

## Interim management statement

### First Quarter Sales

The combined sales of Next Retail and Next Directory for the first quarter from 27 January to 26 April 2008 were down 3.9% compared to the same period last year.

Next Retail sales in the period were down 5.0% on last year. Like for like sales in the 340 stores that were unaffected by new openings were down 8.9%.

Next Directory sales were down 1.0% on last year.

The table below sets out the sales performance compared to last year.

Sales (£ millions)	13 weeks to 26 April 2008	13 weeks to 28 April 2007	Change
Next Retail	518.1	545.7	-5.0%
Next Directory	220.8	223.2	-1.0%
Total Next Brand	738.9	768.9	-3.9%

### Sales Prospects

We remain cautious about the outlook. Financial pressures on our customers resulting from cost increases in food, fuel, mortgage repayments and taxation look set to continue. However, we continue to believe that sales in the second quarter will improve significantly as a consequence of last year's unusual weather patterns and we have budgeted on this basis. Even within the last eleven days, Next Retail sales have picked up markedly with the arrival of warmer weather and the cumulative performance from 27 January to Wednesday 7 May has improved to -3.8% (with like for likes at -7.8%).

We now expect that total Next Retail sales for the first half will be down by around -3.5% with like for like sales at the bottom end of our forecast range at around -7%. We had planned for weak demand and remain confident that we will have less stock for the end of season Sale than we had at the same time last year. As a result, we are not planning any additional markdown activity.

We continue to anticipate Directory sales will be up between 0% and 2% for the first half.

### Operating Updates

We estimate that net additional space in Next Retail will be 110,000 square feet in the first half and 275,000 in the second half, making 385,000 for the year. The store refit programme continues as set out in our March announcement. At January 2009 we will be trading from 5.6 million square feet in total, of which 4 million will be new, refitted or redecorated in the new format.

Despite the difficult economic climate we continue to see no deterioration in Next Directory bad debt, which is a result of tighter credit controls.

### Profit Prospects

Our internal forecasts for full year profits are closely in line with market consensus. The majority of forecasts are in the range £475m to £505m for profit before interest and £430m to £460m for profit after interest.

### Share Buybacks

Prior to our January 2008 year end, we entered into contingent share purchase contracts as shown in our Annual Report. This year these contracts have delivered 2.2 million shares at a cost of £30m and if these contracts continue to maturity then a further 1.7 million shares will be purchased for cancellation at a cost of £23m.

**AGM 13 May 2008**

This Interim Management Statement replaces the trading update which in previous years has been given on the day of the AGM. Consequently no further Trading Statement is intended until after our half year, which ends on 26 July 2008.

END