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DIXONS RETAIL PLC

A YEAR OF SIGNIFICANT PROGRESS

Dixons Retail plc, one of Europe's leading specialist multi-channel electrical retail and services companies, today announces preliminary audited results for the financial year ended 30 April 2013.

Key highlights

- Significant progress made against our three strategic priorities
- Further improvements to the offer for customers and financial strength of the business for shareholders.
- Group underlying total sales and like for like sales up 4% in the full year^{(1),(2),(3)}.
 - Like for like sales in the final quarter up 13% in the UK & Ireland and up 14% in Northern Europe reflecting strong share gains.
- Underlying pre-tax profit up 15% to £94.5 million (2011/12 profit of £82.1 million)⁽¹⁾.
 - Good progress in UK & Ireland and Northern Europe with profits up 39% and 6% respectively.
 - Robust performance in Southern Europe in difficult markets.
 - Offset by poor performance in PIXmania.
- PIXmania restructured to reduce losses and enable process of putting the business on a firmer strategic footing.
- Customer satisfaction measures continue to show strong advocacy in the UK.
- Group costs reduced by £45 million as part of the two year £90 million cost reduction initiative.
- Very strong cash generation with the Group ending the year with net cash of £42.1 million versus net debt of £104.0 million at the start of the year.

Financial highlights

- Total underlying Group sales up 4% at £8.21 billion (2011/12 £7.91 billion).
- Total Group sales, including those from businesses exited/to be exited were £8.44 billion (2011/12 £8.19 billion)⁽²⁾.
- Group gross margins down 0.7% in the full year driven largely by product mix.
- Restructuring and impairment charges of £168.8 million, relating mainly to PIXmania and the main non-store UK B2B operations following the disposal of Equanet.
- Total loss before tax of £115.3 million (2011/12 loss of £118.8 million), after non-underlying items of £209.8 million, which predominantly comprise the restructuring and impairment charges⁽¹⁾.
- Underlying diluted earnings per share 1.5 pence (2011/12 earnings of 1.4 pence)⁽¹⁾. Basic loss per share 4.4 pence (2011/12 loss per share of 4.3 pence).

Sebastian James, Group Chief Executive, commented:

"It has been a good year for Dixons Retail with underlying profits up by 15%, and a great year in the UK and Ireland with profits up by 39%. We have returned to growth for the Group as a whole, and also to a net cash position, marking an important milestone in our transition from survivor to winner. On all of our strategic priorities I am pleased with the progress we have made, even though I am, of course, impatient for us to achieve even more, even faster, particularly in focusing on markets where we are, or can be, a leader.

Our success has not been the result of short term changes, but rather a fundamental shift in our trading philosophy over the last few years so that we are increasingly standing shoulder-to-shoulder with our customers in this difficult and uncertain world. This has enabled us to take full advantage of the opportunity arising from some consolidation in our markets, but we can allow for no complacency. The economic backdrop remains tough; we will have to strive hard to keep up our momentum and will flourish only if we continue to offer ever higher levels of service, and the sharpest possible prices, no matter which channel our customers choose.

The year ahead offers many fantastic opportunities for us and we have plans which touch every part of our business to make things better, easier and faster. I believe that many of our stores are now among the very best in the world, but I recognise that we need to make sure that the experience in our stores is completely consistent – from Truro to Tromsø; every day we must find new ways to surprise, delight and improve the lives of our customers. I look forward to another good year, building on the momentum of this year, and one which proves rewarding for our customers, our teams and of course, our shareholders. In the meantime, nothing has given me more pleasure than to celebrate with my colleagues, very briefly, all we have achieved and to thank them for their hard work before launching headlong into the coming year."

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Information on Dixons Retail plc is available at <http://www.dixonsretail.com>

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An audio webcast of the analyst presentation being held this morning will be available from 3.00pm today at <http://www.dixonsretail.com> (click "Investors", then "Results, Reports & Presentations").

Information contained on the Dixons Retail plc website or the Twitter feed does not form part of this announcement and should not be relied on as such.

Underlying sales and profit analysis

	Note	Underlying sales				Underlying profit/(loss)	
		Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 £million	% change	Like for like ⁽³⁾ % change	Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 ⁽⁴⁾ £million
UK & Ireland	(5)	4,014.5	3,751.3	7%	7%	113.3	81.5
Northern Europe	(6)	2,876.3	2,619.3	10%	12%	120.5	113.7
Southern Europe	(7)	965.6	1,048.2	(8)%	(8)%	(24.4)	(31.3)
PIXmania		357.5	491.4	(27)%	(24)%	(31.3)	(15.2)
Central costs						(16.9)	(13.8)
Total Group Retail		8,213.9	7,910.2	4%	4%	161.2	134.9
Property losses						(25.2)	(13.6)
EBIT	(8)					136.0	121.3
Underlying net finance costs						(41.5)	(39.2)
Group underlying profit before tax						94.5	82.1

Notes

- (1) Throughout this report, references are made to 'underlying' performance measures. Underlying results are defined as excluding trading results from businesses exited / to be exited, amortisation of acquired intangibles, net restructuring and business impairment charges and other one off non-recurring items, profits / (losses) on sale of investments or businesses, net interest on defined benefit pension schemes, net fair value remeasurements of financial instruments and, where applicable, discontinued operations. These excluded items are described as 'non-underlying'. The financial effect of these items is shown in the analyses on the face of the income statement and in note 3 to the financial information.
- (2) Businesses exited / to be exited include the operations of PC City Spain, Equanet, Webhallen, PLS and PIXmania stores which are now closed
- (3) Like for like sales are calculated based on underlying store and internet sales using constant exchange rates. New stores are included where they have been open for a full financial year both at the beginning and end of the financial period. Closed stores are excluded for any period of closure. Customer support agreement sales are excluded from all UK like for like calculations.
- (4) Underlying figures for the 52 weeks ended 28 April 2012 have been re-presented to exclude the trading results of businesses exited / to be exited for which the decisions were made or executed in 2012/13 and in respect of net finance costs, to exclude net interest in respect of defined benefit pension schemes.
- (5) UK & Ireland comprises Currys, PC World, CurrysDigital, Dixons Travel, Harrods concession, operations in Ireland, DSGi Business and KNOWHOW. Like for like sales exclude DSGi Business.
- (6) Northern Europe comprises the Elkjøp group and Electroworld in the Czech Republic and Slovakia.
- (7) Southern Europe comprises Greece (Kotsovolos), Italy (Unieuro, combined 2-in-1 Unieuro and PC City stores), and Turkey (Electroworld).
- (8) Earnings Before Interest and Tax (EBIT) equates to underlying operating profit and is defined as underlying earnings from retail operations, after property losses, before deduction of net finance costs and tax.
- (9) Free Cash Flow relates to continuing operations and comprises net cash flow from operating activities before special pension contributions, less net finance costs, less income tax paid and net capital expenditure.
- (10) Certain statements made in this announcement are forward looking. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

STRATEGIC PRIORITIES

Since introducing our three strategic priorities last year we have made significant strides in improving the business for our customers, our suppliers and our shareholders. A summary of each of our priorities and some of the milestones we have achieved include:

1) Drive a **successful and sustainable** business model in a multi-channel world.

Our customers tell us that they want advice, to experience products and to ensure they are making the right choices as well as getting value for money. We believe that our business model offers the best approach for both customers and suppliers:

- This year we have invested in improving our multi-channel offer in all of our core markets. This has involved expanding and enriching the ways in which customers can shop with us and improving the link between the store experience and the online experience to make the transition as simple and seamless as possible. We also believe that our online proposition, particularly on mobile devices, is one of the best in the market and have radically overhauled the way in which we communicate with customers away from traditional advertising methods. Across Europe we have won or been shortlisted for six prestigious multi-channel awards.
- We have continued to deepen and broaden our supplier relationships as a vital component of value in our business model. This has involved developing a shared understanding of the drivers of the economics across the whole value chain and recognising much more explicitly the part that each of us plays in driving it. For example we have discovered far more effective ways of communicating with customers through totally integrated marketing campaigns than were possible before.
- We have improved and deepened the range of '*Our Experts Love*' products in each category, helping customers choose the best product for their needs. In the UK we have further rolled out our customer journeys into cameras, laundry and computing which have all performed very well.
- KNOWHOW, our market leading end to end services brand, has gone from strength to strength growing added value services by 54% in the UK:
 - We have rolled out service improvements and products such as fault and fix, white goods repair and 9pm cut off for next day delivery;
 - We have piloted KNOWHOW in Northern Europe which has exceeded our expectations.
- We believe that the conversation with our customers is our unique source of competitive advantage and we continue to invest heavily in colleague training and designing a bespoke programme for every colleague in our business.
- We have reduced costs by £45 million as part of our two year £90 million cost reduction initiative.
- We are managing the business with stock turns at 6.4 times, which improved by 8% year on year and are, we believe, market leading for an electrical retailer.

2) Be a **leader** in each of the markets in which the Group operates.

- We have strong market positions in the UK & Ireland, Northern Europe and in Greece. In each of these markets we have seen consolidation amongst competitors and we see opportunities to improve our competitive position further as we implement the initiatives discussed above.
- In Italy and Turkey we are exploring ways to improve the strategic positioning of these businesses.

- Earlier in the year we took overall control of PIXmania that would enable us to start taking some decisive actions including:
 - Agreeing the disposal of Webhallen for £14 million as well as PLS.
 - Restructuring the business closing 19 stores, exiting 12 countries, eliminating non-core categories and reducing headcount from 1,400 to 649 in France and 149 in the Czech Republic.
 - Continuing to explore options to put PIXmania on a firmer strategic footing.

3) **Align** the Group to leverage consistently pan-European scale and knowhow.

- We are rolling out KNOWHOW across the Elkjøp business and in Italy.
- We have firmly and successfully embedded the '*Our Experts Love*' journeys in the UK & Ireland, a sales approach developed in our Elkjøp business.
- Over the important Christmas period we had a number of special deals negotiated centrally with suppliers and sold across our businesses, a first for the Group.
- We currently have store directors from the UK and Norway swapping roles to share best ideas and practices from each others' stores.

This is just the beginning. There remain many opportunities to share knowledge, expertise and best practice across the Group. Some of these will take time, but we must exploit further the benefits of being a pan-European operator.

Continuing to deliver on these priorities will enable the Group to further improve its EBIT margin going forward as well as strengthen our focus on cash generation and returns on capital employed.

Business performance

Underlying Group sales were up 4% at £8,213.9 million (2011/12 £7,910.2 million) and up 4% on a like for like basis, outperforming local markets in general. Underlying Group sales were up 6% at constant exchange rates. Underlying profit before interest and tax was £136.0 million (2011/12 profit of £121.3 million). Underlying profit before tax was £94.5 million (2011/12 profit of £82.1 million). Group gross margins were down 0.7% across the full year, mainly driven by product mix.

UK & Ireland

- Underlying operating profit growth of 39% to £113.3 million
- Strong market share gains

Total sales in the UK & Ireland division were up 7% to £4,014.5 million (2011/12 £3,751.3 million) and like for like sales were also up 7%. Underlying operating profits increased 39% to £113.3 million (2011/12 £81.5 million).

The UK & Ireland division has performed strongly throughout the year as improvements in stores, service, price and generating value through better supplier partnership have borne fruit. During the year the Group estimates that the UK & Ireland business grew its market share to approximately 21%, driven by our clear strategy and accelerated by the closure of a number of competitors including our largest UK specialist electrical competitor Comet. This is a strong performance against a relatively weak market, underpinning our customer focused approach. The first half benefitted from a number of events, such as the European

football championships, the Queen's Jubilee celebrations and the London Olympics. A strong performance over the second half, driven by tablets, TVs and white goods as well as market share gains enabled the business to deliver a positive like for like performance against increasingly tough comparables.

The business made further progress with the Group's sustainable business model and delivered the following benefits:

- Improving our value proposition versus our competitors.
- Further reduction in costs with the cost to sales ratio improving by 1.6 percentage points.
- Developing customer journeys for more categories such as laundry, refrigeration and computing.
- Working with suppliers to drive the '*Our Experts Love*' model enabling our colleagues to help customers choose the best products for their needs.
- Customer satisfaction metrics continuing to improve with 73% of customers very likely (and 93% likely or very likely) to recommend our stores to friends and family.

We have made further progress with our multi-channel business during the year, particularly in the second half which saw growth of 25%. During the year we introduced '*pay&collect*' providing customers with access to our full range of products in their local store. We also led the market by rewarding our store colleagues for online sales in their local catchment. We continue to improve the overall shopping trip for customers and in the year ahead we plan to move our last time for next day delivery to 10pm, providing customers with greater choices as well as increasing our delivery densities.

We now have 323 transformed stores which continue to deliver an improved customer experience as well as improved returns. Our latest high street format in Westfield Stratford was open in time for the London Olympics and exceeded our expectations. With the success of this new format we believe that there are approximately 30-40 locations across the UK & Ireland where this format will be successful. We are making good progress right-sizing our High Street estate at a cost effective and responsible pace. Our 2-in-1 megastore and superstore formats continue to evolve and during the year we opened a new look store in Solihull which employs many of the learnings from our innovative Black trial store format, further improving the store experience for customers and colleagues. In the long term we envisage an estate of 380-400 stores in the UK, however, customer shopping patterns continue to evolve and we will ensure that we actively manage our store portfolio so that we provide our customers with the right store formats in the right locations.

Our services operation of KNOWHOW continues to go from strength to strength. Its new services of Cloud, Fault & Fix, Installation, Showhow and white goods repair continue to appeal to customers. Further products and services will be added to KNOWHOW in the year ahead strengthening the service offering as well as providing customers access to online and downloadable content.

Dixons Travel continues to perform well. The new format now rolled out across all of the Dixons Travel stores delivers a better range and store experience for customers, including a focus on portable items and accessories. Two stores opened in Brussels airport joining Copenhagen, Rome and Milan as international operations of the Dixons Travel business, but marking a milestone as the first stores to be opened in a market where we have no retail operations.

Northern Europe

- Northern Europe grew underlying operating profits by 6% to £120.5 million
- Delivered a 4.2% return on sales, in line with the Group's objective

Northern Europe, which comprises the Elkjøp group and the Electroworld operations in the Czech Republic and Slovakia continues to perform strongly. Sales grew by 12% at constant exchange rates, while in sterling, underlying sales grew by 10% to £2,876.3 million (2011/12 £2,619.3 million). Like for like sales were up 12%. Underlying operating profits were £120.5 million (2011/12 £113.7 million).

Elkjøp has had another very strong year, particularly in Denmark and Sweden where a number of competitors have exited the market enabling these businesses to grow share. In Norway a smaller competitor is attempting to gain market share through promotional activity, impacting gross margins in that market.

Elkjøp operates a highly efficient low cost model with centralised operations and logistics infrastructure. With clear market leadership in each of its markets the Elkjøp group is well positioned to continue to deliver strong returns.

KNOWHOW, the Group's services brand is being rolled out across the Elkjøp business. With the services market being relatively immature and under serviced in the Nordics, the Group believes that KNOWHOW will add to Elkjøp's competitive advantage and enable it to further improve the offer for customers as well as opening up attractive new revenue streams.

Elkjøp now operates 32 Megastores and 49 reformatted Superstores, which continue to perform particularly well.

The operations in the Czech Republic and Slovakia are managed out of the Nordic infrastructure which improves efficiency and, in some categories, buying power.

During the year Jaan Ivar Semlietsch was appointed Managing Director of the Northern European operations. He has made a number of significant changes since his appointment, including reshaping the management structures and team, embedding systematic customer metrics into the business and, as a part of the Group's Management team, is working on ways to align the Group's operating model and share best practices across our businesses.

Southern Europe

- Robust performances in difficult markets
- Work ongoing to improve financial and strategic footings

This division comprises operations in Italy, Greece and Turkey. Total sales were down 4% at constant exchange rates and down by 8% in sterling to £965.6 million (2011/12 £1,048.2 million), with like for like sales down 8%, largely as a result of the weak economic environments being experienced in Greece and Italy. Underlying operating loss was £24.4 million (2011/12 loss of £31.3 million).

Greece

The economic environment in Greece remains challenging. Kotsovolos is the market leader and is able to leverage its market position, a superior retail concept and strong supplier relationships to grow its market share. Kotsovolos again showed robust cost management helping to improve profitability in the full year. The outlook in Greece continues to look uncertain, but with a focus on customer service and cost management we believe Kotsovolos will continue to out-perform its competitors. We recently launched

three substantial implants in the Carrefour/Marinopoulos supermarket stores which have got off to a very encouraging start, and it is possible that we will expand this programme during the year ahead.

Italy

The consumer environment in Italy remains subdued. However, with a focus on cost control and customer service, Unieuro has significantly improved profitability year on year.

With phones already the largest category in Italy, the market shifted further towards smart phones and tablets during the year. By carefully managing stock, services and promotional activity, the business has improved margins.

The Italian specialist electrical retailing market is relatively fragmented. With one market leader and several smaller specialists the market is likely to consolidate.

Turkey

The Group now operates 32 stores in Turkey, including 18 franchise stores. Turkey is a growing market, however there are a number of specialist electrical retailers now operating in that market and taking actions to grow share. With retail space growth continuing to out strip underlying market growth, like for like sales have been impacted across the market. With a significant number of specialists in the market the Group continues to explore ways to put the Electroworld business in Turkey on a stronger strategic footing.

PIXmania

- Successful restructuring to focus on key operations
- Challenging market dynamics

Underlying sales were £357.5 million (2011/12 £491.4 million) with like for like sales down 24%. Underlying operating loss was £31.3 million (2011/12 loss of £15.2 million). PIXmania experienced another very difficult year as multi-channel operators in its core markets improved their on-line proposition, suppliers focused on attracting customers through multi-channel operators and the key markets in which PIXmania operates remained challenging.

The Group's focus is as a multi-channel specialist electrical retailer and we continue the process of putting PIXmania in a firmer strategic position.

Following the purchase of the 22% of PIXmania owned by the founding partners, PIXmania went through a significant reorganisation under a new management team, further impacting overall performance. This restructuring included closing its 19 stores, exiting non-profitable categories and markets and reducing headcount from 1,400 to 649 in France and 149 in the Group's shared services centre in the Czech Republic. As a result PIXmania has been refocused on its core business and costs have been significantly reduced. On 22 April 2013 we announced the disposal of Webhallen for a cash consideration of £14 million, followed by the disposal of PLS, further focusing PIXmania on its core business. PIXmania continues to operate a successful internet platform licensing business and operates the websites for Carrefour (non-food only) and Celio.

Financial position

The Group has delivered a very robust performance against the financial priorities of profitability and strengthening the balance sheet:

- The Group delivered net funds at year end, for the first time in five years, of £42.1 million compared to net debt of £104.0 million at the end of the 2011/12 financial year;
- Positive Free Cash Flow, before restructuring items, of £173.2 million was generated;
- Costs reduced by £45 million in the year, as part of the two year £90 million cost reduction programme;
- Rephased debt profile following the issue of new 2017 Notes, part repurchase of 2015 Notes and full redemption of the 2012 Bonds;
- Group's Revolving Credit Facility (RCF) extended to 30 June 2015. This facility is currently £225 million and will reduce to £200 million in August 2013;
- Remaining portion of 2012 Bonds redeemed, and settlements of £62.6 million made in respect of associated currency hedging instruments; and
- The RCF has remained undrawn since October 2011.

Free Cash Flow

	Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 £million
Underlying profit before tax	94.5	82.1
Businesses exited / to be exited loss before tax	(7.7)	(8.5)
Depreciation and amortisation	134.0	138.8
Working capital	94.6	15.8
Taxation	(11.8)	(26.8)
Capital expenditure	(92.4)	(101.5)
Proceeds from sale of property	-	70.2
Settlement of historical currency hedges	(62.6)	-
Other items	24.6	4.0
Free Cash Flow before restructuring items	173.2	174.1
Net restructuring	(19.8)	(43.8)
Free Cash Flow	153.4	130.3

Free Cash Flow was £153.4 million (2011/12 Free Cash Flow of £130.3 million). The improved cash result arose despite the one off proceeds on sale of Jönköping in the prior year, and the settlement of historical currency hedges of £62.6 million during the year. These headwinds were more than offset by improved profitability and good working capital management in all markets - with stock turn improving 8% to 6.4 times, as well as a natural benefit to working capital as a result of our strong sales growth. Net restructuring costs reduced, despite the PIXmania restructuring actions initiated this year, due to the higher Spain closure

costs incurred last year. Finally, there were some timing benefits which affected Free Cash Flow, primarily as a result of capital projects completed late in the year, settlement of PIXmania restructuring costs and the timing of stock payments relating to the strong Easter sales.

Funding

At 30 April 2013 the Group had net funds of £42.1 million, compared with net debt of £104.0 million at 28 April 2012.

	Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 £million
Opening net debt	(104.0)	(206.8)
Free Cash Flow	153.4	130.3
Acquisitions and disposals	(4.9)	(1.2)
Special pension contributions	(20.0)	(16.0)
Other items	17.6	(10.3)
Other movements in net debt	(7.3)	(27.5)
Closing net funds / (debt)	42.1	(104.0)

Net funds are stated inclusive of restricted funds of £110.2 million (2011/12 £114.0 million), which predominantly comprise funds held under trust for potential customer support agreement liabilities. The improvement in the net funding position was due to the Free Cash Flow generated, partly offset by £20.0 million paid to the UK defined benefit pension scheme under the terms of the deficit reduction plan (2011/12 £16.0 million). Other items include the impact of foreign exchange currency movements on cash balances held in foreign subsidiaries.

Adjustments to underlying results

Underlying profit before tax is reported before net non-underlying charges before tax of £209.8 million.

	Year ended 30 April 2013	52 weeks ended 28 April 2012 Re-presented†
	£million	£million
Underlying profit before tax	94.5	82.1
Add / (deduct) non- underlying items:		
Trading results – Businesses exited / to be exited	(8.0)	(9.0)
Amortisation of acquired intangibles	(4.2)	(4.5)
Net restructuring charges	(89.4)	(16.3)
Business impairments	(79.4)	(196.0)
Profit on sale of Swedish warehouse	-	37.2
Other items	(5.9)	(1.6)
Loss on sale of business	(9.6)	-
Financing items:		
Businesses exited / to be exited	0.3	0.5
Net fair value remeasurements	(1.9)	(2.8)
Accelerated amortisation of Bonds / facility fees	(1.1)	(2.7)
Bond redemption related costs	(3.2)	-
Net pension interest	(7.4)	(5.7)
Total net non-underlying charges	(209.8)	(200.9)
Loss before tax	(115.3)	(118.8)

† Underlying figures for the 52 weeks ended 28 April 2012 have been re-presented to exclude the trading results of businesses exited / to be exited for which the decisions were made or executed in 2012/13.

- Trading results from businesses exited / to be exited include the former PC City operations in Spain, Equanet, Webhallen, and PLS.
- Amortisation of acquired intangibles of £4.2 million predominantly comprises brand names.
- Net restructuring charges predominantly relate to:
 - £22.9 million related to the re-organisation of the Bury site and residual retained business following the sale of Equanet whereby the main charges are onerous lease costs; and
 - £64.6 million in respect of re-organisation activities within PIXmania. Charges comprise mainly asset write downs and redundancy costs associated with the exit of certain activities and reductions in the cost base of the business.
- Business impairments relate mainly to PIXmania whereby, given the longer term outlook for PIXmania and the markets in which it operates, a more conservative stance has been taken by fully impairing the PIXmania acquisition goodwill by £45.2 million and the brand name by £25.1 million.

- Loss on sale of business relates to the disposal of Equanet, the Group's main non-store UK B2B operations.
- The financing charge comprises the following elements:
 - £4.3 million of charges associated with the redemption of the 2015 Notes and 2012 Bonds which occurred in September 2012.
 - £1.9 million of net fair value remeasurement losses of financial instruments as required by IAS 32 and 39.
 - £7.4 million of net pension interest costs which are shown as part of non-underlying charges for the first time this year owing to their non-cash nature and volatility to "point in time" remeasurement which are akin to the fair value remeasurements of financial instruments described above.

Property losses

Underlying property losses were £25.2 million (2011/12 loss of £13.6 million). These comprise mainly store re-site and store asset disposal costs associated with the Renewal and Transformation plan, predominantly in the UK and Nordics. They have increased as we took the opportunities to exit sites.

Underlying net finance costs

Underlying net finance costs were £41.5 million (2011/12 £39.2 million). The increase in costs was primarily due to the net effect of issuance of the 2017 Notes, partial redemption of the 2015 Notes and full redemption of the 2012 Bonds and associated hedging instruments.

Tax

The Group's underlying tax charge equates to an effective rate of 52% (2011/12 51%). The increase in the tax rate has, in particular, been affected by the non-recognition of benefit for current year losses in PIXmania. Excluding the effects of this non-recognition, the effective rate of taxation on full year earnings is 38%.

Pensions

The IAS 19 accounting deficit of the defined benefit section of the UK pension scheme amounted to £406.4 million compared to £261.9 million at 28 April 2012. The assumptions used for determining the accounting valuation use a consistent basis to that adopted at 28 April 2012 which build from the most recent actuarial valuation as at 31 March 2010.

The overall increase arises mainly from a decrease in the discount rate applied to the liabilities and a higher expectation of long term inflation (both of which increase the liabilities), partly offset by an improved asset valuation. The next triennial valuation as at 31 March 2013 has commenced with the results expected in early 2014.

Consolidated Income Statement

Year ended 30 April 2013						52 weeks ended 28 April 2012 Re-presented [†]			
		Non-underlying*				Non-underlying*			
	Note	Underlying* £million	Businesses exited / to be exited** £million	Other £million	Total £million	Underlying* £million	Businesses exited / to be exited** £million	Other £million	Total £million
Revenue	2	8,213.9	225.4	–	8,439.3	7,910.2	283.0	–	8,193.2
Profit / (loss) from operations before associates		136.0	(8.0)	(178.9)	(50.9)	120.7	(9.0)	(181.2)	(69.5)
Share of post-tax results of associates		–	–	–	–	0.6	–	–	0.6
Operating profit / (loss)	2	136.0	(8.0)	(178.9)	(50.9)	121.3	(9.0)	(181.2)	(68.9)
Loss on sale of business		–	–	(9.6)	(9.6)	–	–	–	–
Finance income		7.2	0.3	46.5	54.0	11.8	0.6	51.1	63.5
Finance costs		(48.7)	–	(60.1)	(108.8)	(51.0)	(0.1)	(62.3)	(113.4)
Net finance costs	4	(41.5)	0.3	(13.6)	(54.8)	(39.2)	0.5	(11.2)	(49.9)
Profit / (loss) before tax		94.5	(7.7)	(202.1)	(115.3)	82.1	(8.5)	(192.4)	(118.8)
Income tax expense	5	(49.2)	(0.5)	(3.1)	(52.8)	(37.3)	(0.5)	(6.3)	(44.1)
Profit / (loss) after tax for the period		45.3	(8.2)	(205.2)	(168.1)	44.8	(9.0)	(198.7)	(162.9)
Attributable to:									
Equity shareholders of the parent company		54.2	(7.4)	(205.0)	(158.2)	50.6	(7.9)	(197.0)	(154.3)
Non-controlling interests		(8.9)	(0.8)	(0.2)	(9.9)	(5.8)	(1.1)	(1.7)	(8.6)
		45.3	(8.2)	(205.2)	(168.1)	44.8	(9.0)	(198.7)	(162.9)
Total loss per share (pence)	6								
Basic					(4.4)p				(4.3)p
Diluted					(4.4)p				(4.3)p
Underlying earnings per share (pence)	1,6								
Basic		1.5p				1.4p			
Diluted		1.5p				1.4p			

* Underlying figures exclude the trading results of businesses exited / to be exited, amortisation of acquired intangibles, net restructuring and business impairment charges and other one off, non-recurring items, profits / losses on sale of investments or businesses, expected return and interest on defined benefit pension schemes, net fair value remeasurements of financial instruments and, where applicable, discontinued operations. Such excluded items are described as 'Non-underlying'. Further information on these items is shown in notes 1, 2, 3, 4, 5 and 6.

† Underlying figures for the 52 weeks ended 28 April 2012 have been re-presented to exclude the trading results of businesses exited / to be exited for which the decisions were made or executed in 2012/13 and in respect of finance income and costs, to exclude the expected return and interest in respect of defined benefit pension schemes.

** Businesses exited / to be exited comprise businesses which have either been sold, were sold post 30 April 2013, or have been closed or the decision to close the businesses was taken during the period. Such businesses do not meet the definition of discontinued operations as stipulated by IFRS 5 and accordingly the disclosures within non-underlying items differ from those for applicable discontinued operations.

Consolidated Statement of Comprehensive Income and Expense

	Note	Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 £million
Loss for the period		(168.1)	(162.9)
Actuarial (losses) / gains on defined benefit pension schemes	– UK	(157.2)	(28.2)
	– Overseas	1.6	(1.9)
Cash flow hedges			
Fair value remeasurement (losses) / gains		(12.7)	3.3
Losses transferred to carrying amount of inventories		5.4	4.7
Losses / (gains) transferred to income statement (within cost of sales)		3.4	(5.3)
Net investment hedges			
Fair value remeasurement gains		0.9	15.6
Investments			
Fair value remeasurement gains / (losses)		0.4	(0.1)
Tax on items taken directly to equity		33.8	1.0
Currency translation movements		31.9	(93.8)
Net expense recognised directly in equity		(92.5)	(104.7)
Total comprehensive expense for the period		(260.6)	(267.6)
Attributable to:			
Equity shareholders of the parent company		(250.4)	(257.2)
Non-controlling interests		(10.2)	(10.4)
		(260.6)	(267.6)

Consolidated Balance Sheet

	Note	30 April 2013 £million	28 April 2012 £million
Non-current assets			
Goodwill		704.2	740.7
Intangible assets		66.4	98.1
Property, plant & equipment		434.0	480.4
Investments in associates		0.5	3.5
Trade and other receivables		20.6	23.6
Deferred tax assets		150.9	155.2
		1,376.6	1,501.5
Current assets			
Inventories		895.4	874.2
Trade and other receivables		304.5	343.9
Income tax receivable		5.4	2.7
Short term investments		2.4	7.3
Cash and cash equivalents		405.3	316.8
		1,613.0	1,544.9
Assets held for sale		15.1	-
Total assets		3,004.7	3,046.4
Current liabilities			
Bank overdrafts		(17.7)	(15.8)
Borrowings		(4.5)	(162.5)
Obligations under finance leases		(2.0)	(3.1)
Trade and other payables		(1,667.7)	(1,579.0)
Income tax payable		(70.4)	(55.7)
Provisions		(36.8)	(18.6)
		(1,799.1)	(1,834.7)
Net current liabilities		(186.1)	(289.8)
Non-current liabilities			
Borrowings		(245.4)	(147.8)
Obligations under finance leases		(96.0)	(98.9)
Retirement benefit obligations		(409.1)	(266.0)
Other payables		(262.5)	(255.2)
Deferred tax liabilities		(11.3)	(20.2)
Provisions		(26.1)	(19.6)
		(1,050.4)	(807.7)
Liabilities directly associated with assets classified as held for sale		(7.9)	-
Total liabilities		(2,857.4)	(2,642.4)
Net assets		147.3	404.0
Capital and reserves			
Called up share capital		90.7	90.3
Share premium account		172.7	169.5
Other reserves		(520.9)	(521.0)
Retained earnings		405.6	652.6
Equity attributable to equity holders of the parent company		148.1	391.4
Equity non-controlling interests		(0.8)	12.6
Total equity		147.3	404.0

The financial statements were approved by the directors on 20 June 2013 and signed on their behalf by:

Sebastian James
Group Chief Executive

Humphrey Singer
Group Finance Director

Consolidated Cash Flow Statement

	Note	Year ended 30 April 2013 £million	52 weeks ended 28 April 2012 £million
Operating activities – continuing operations			
Cash generated from operations	*	7	365.2
Special contributions to defined benefit pension scheme			(20.0)
Income tax paid	*		(11.8)
Net cash flows from operating activities			333.4
Investing activities – continuing operations			
Purchase of property, plant & equipment and other intangibles	*		(92.4)
Purchase of subsidiaries			(8.3)
Sale of business			3.4
Interest received	*		16.8
Decrease in short term investments			5.3
Disposals of property, plant & equipment and other intangibles	*		–
Dividend received from associate			0.4
Net cash flows from investing activities			(74.8)
Financing activities – continuing operations			
Issue of ordinary share capital			3.6
Purchase of own shares			(0.3)
Additions to finance leases			0.9
Capital element of finance lease payments			(4.7)
Interest element of finance lease payments	*		(6.3)
Decrease in borrowings due within one year			(155.5)
Increase in borrowings due after more than one year			97.1
Interest paid	*		(118.1)
Investment from minority shareholder			2.9
Net cash flows from financing activities			(180.4)
Increase / (decrease) in cash and cash equivalents			
	(i)		
Continuing operations			78.2
Discontinued operations			(0.9)
			77.3
Cash and cash equivalents at beginning of period	(i)	7	301.0
Currency translation differences			9.3
Cash and cash equivalents at end of period	(i)	7	387.6
Free Cash Flow	(ii)		153.4

- (i) For the purposes of this cash flow statement, cash and cash equivalents comprise those items disclosed as 'cash and cash equivalents' on the face of the balance sheet, less overdrafts, which are classified within current liabilities on the face of the balance sheet. A reconciliation to the balance sheet amounts is shown in note 7.
- (ii) Free Cash Flow comprises those items marked * and comprises cash generated from / (utilised by) continuing operations before special pension contributions, less net finance expense, less income tax paid and net capital expenditure. The directors consider that 'Free Cash Flow' provides additional useful information to shareholders in respect of cash generation and is consistent with how business performance is measured internally.

Consolidated Statement of Changes in Equity

	Share capital £million	Share premium £million	Other reserves £million	Retained earnings £million	Sub-total £million	Non-controlling interests £million	Total equity £million
At 1 May 2011	90.3	169.5	(537.7)	931.4	653.5	23.0	676.5
Loss for the period	–	–	–	(162.9)	(162.9)	–	(162.9)
Other comprehensive income and expense recognised directly in equity	–	–	16.7	(111.0)	(94.3)	(10.4)	(104.7)
Total comprehensive income and expense for the period	–	–	16.7	(273.9)	(257.2)	(10.4)	(267.6)
Share-based payments	–	–	–	(4.9)	(4.9)	–	(4.9)
At 28 April 2012	90.3	169.5	(521.0)	652.6	391.4	12.6	404.0
Loss for the period	–	–	–	(168.1)	(168.1)	–	(168.1)
Other comprehensive income and expense recognised directly in equity	–	–	(1.9)	(80.4)	(82.3)	(10.2)	(92.5)
Total comprehensive income and expense for the period	–	–	(1.9)	(248.5)	(250.4)	(10.2)	(260.6)
Reduction in non-controlling interests	–	–	–	(2.0)	(2.0)	(6.1)	(8.1)
Non-controlling interests – increase in capital	–	–	–	–	–	2.9	2.9
Ordinary shares issued	0.4	3.2	–	–	3.6	–	3.6
Investment in own shares	–	–	(0.3)	–	(0.3)	–	(0.3)
Transfer	–	–	2.3	(2.3)	–	–	–
Share-based payments	–	–	–	4.0	4.0	–	4.0
Tax on share-based payments	–	–	–	1.8	1.8	–	1.8
At 30 April 2013	90.7	172.7	(520.9)	405.6	148.1	(0.8)	147.3

Non-controlling interests (minority interests) comprise shareholdings in Pixmania S.A.S. (PIXmania), Electroworld İç ve Dis Ticaret AS (ElectroWorld Turkey) and Dixons South-East Europe A.E.V.E. (Kotsovolos).

On 10 August 2012 the Group announced that it had acquired a further 22% of PIXmania indirectly held by the founders of the business, Steve and Jean-Emile Rosenblum, for €10.4 million (£8.1 million) in cash, bringing its stake in PIXmania to 99.2%.

Notes to the Financial Information

1 Basis of preparation

The financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income and expense, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and extracts from the notes to the accounts for 30 April 2013 and 28 April 2012, has been prepared in accordance with the accounting policies set out in the full financial statements and on a going concern basis. The directors have considered the Group's strategy and risks to achieving objectives which are set out in this announcement, together with its liquidity and funds position. Having concluded that the Group has adequate resources to continue in operational existence for the foreseeable future, the directors have continued to adopt the going concern basis in preparing the financial statements.

The financial information set out in this announcement does not constitute statutory accounts within the meaning of Sections 434 to 436 of the Companies Act 2006 and is an abridged version of the Group's financial statements for the year ended 30 April 2013 which were approved by the directors on 20 June 2013. Statutory accounts for the 52 weeks ended 28 April 2012 have been delivered to the Registrar of Companies, the auditors have reported on those accounts, their report was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 30 April 2013 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS issued by the International Accounting Standards Board and those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the year ended 30 April 2013. Comparative figures are for the 52 weeks ended 28 April 2012.

The directors consider that the 'underlying' performance measures, together with the associated Income Statement presentation, provide additional useful information for shareholders on underlying performance of the business, and are consistent with how business performance is measured internally. Such measures exclude the trading results of businesses exited / to be exited, impact of amortisation of acquired intangibles, net restructuring and business impairment charges and other one off, non-recurring items, profit on sale of investments or businesses, net interest on defined benefit pension schemes, fair value remeasurements of financial instruments and, where applicable, discontinued operations. These measures may not be directly comparable with 'adjusted' profit measures used by other companies.

2 Segmental analysis

The Group's operating segments have been determined based on the information reported to the Board. This information is predominantly based on geographical areas which are either managed separately or have similar trading characteristics such that they can be aggregated together into one segment and, in the case of PIXmania, as a business area with geographical territories aggregated. Accounting policies for each operating segment are the same as those for the Group as described in note 1. The Group evaluates each operating segment based on underlying operating profits which excludes those items described in note 1.

On 22 April 2013 and 7 May 2013, the Group announced that it had agreed to dispose of its Webhallen and PLS operations in Sweden and France, respectively and accordingly has classified their assets and liabilities as held for sale owing to the sale being highly probable under the definitions stipulated in IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. As a result of the sales, the businesses have been classified as 'to be exited' and the prior periods have been re-presented on a consistent basis. Both PLS and Webhallen were previously shown within the PIXmania division.

All segments are involved in the multi-channel sale of high technology consumer electronics, personal computers, domestic appliances, photographic equipment, communication products and related financial and after-sales services. The principal categories of customer are retail, business to business (B2B) and online.

The Group's reportable segments have been identified as follows:

- UK & Ireland comprises electrical and computing retail chains as well as in-store B2B activities. The division is engaged predominantly in multi-channel retail sales, associated peripherals and services and related financial and after sales services. During the period, the division's main B2B activities of Equanet were disposed as described further in note 3.
- Northern Europe operates in Norway, Sweden, Finland, Denmark, the Czech Republic, Slovakia, Iceland, Greenland and the Faroe Islands. The division engages in multi-channel retail sales and provides related product support services to its customers. It also engages in B2B sales of computer hardware, software and services. Across the region, the division operates a successful franchise business, typically in smaller markets.
- Southern Europe comprises operations in Italy, Greece, Turkey and the closed business in Spain which is excluded from underlying results. The division engages in retail sales (including multi-channel sales in some countries) and provides related product support services to its customers in all of its markets. It also engages in B2B sales of computer hardware, software and services in Italy and Greece and has franchise operations in Italy, Greece and Turkey.
- PIXmania is a pure play online retailer and operates in 14 countries across Europe.

During the year, management responsibility for Dixons Travel stores operating in the Northern Europe and Southern Europe divisions was transferred to the UK & Ireland Division. Comparative figures have been re-presented to reflect this change in responsibility.

Notes to the Financial Information (continued)

2 Segmental analysis (continued)

Businesses exited / to be exited comprises the trading results of businesses sold, to be sold, closed and to be closed and includes the activities of PC City Spain, Equanet, Webhallen, PLS and PIXmania stores which are now closed. Further information on these businesses is provided in note 3. In respect of the sold / to be sold businesses, owing to their relative scale, they do not meet the definition of discontinued operations as stipulated by IFRS 5. In respect of closed / to be closed businesses, owing to their closure rather than disposal, these operations also do not meet the definition of discontinued operations as stipulated by IFRS 5.

Income statement

	2012/13				
	External revenue £million	Inter-segmental revenue £million	Total revenue £million	Underlying profit / (loss) £million	Total profit / (loss) £million
UK & Ireland	4,096.0	47.3	4,143.3	113.3	82.5
Northern Europe	2,876.3	5.4	2,881.7	120.5	118.0
Southern Europe	966.7	–	966.7	(24.4)	(25.0)
PIXmania	500.3	6.7	507.0	(31.3)	(182.4)
Eliminations	–	(59.4)	(59.4)	–	–
	8,439.3	–	8,439.3	178.1	(6.9)
Share of post-tax results of associates				–	–
Operating profit / (loss) before central costs and property losses				178.1	(6.9)
Central costs				(16.9)	(18.8)
Property losses				(25.2)	(25.2)
Operating profit / (loss)				136.0	(50.9)
Loss on sale of business				–	(9.6)
Finance income				7.2	54.0
Finance costs				(48.7)	(108.8)
Profit / (loss) before tax for the period				94.5	(115.3)

External revenue for UK & Ireland, Southern Europe and PIXmania includes £81.5 million, £1.1 million and £142.8 million, respectively relating to the businesses exited / to be exited.

Reconciliation of underlying profit / (loss) to total profit / (loss)

	2012/13							
	Underlying profit / (loss) £million	Businesses exited / to be exited £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Business impairment charges £million	Other items £million	Non-operating items £million	Total profit / (loss) £million
UK & Ireland	113.3	(1.9)	(0.3)	(22.9)	(6.6)	0.9	–	82.5
Northern Europe	120.5	–	–	–	(2.5)	–	–	118.0
Southern Europe	(24.4)	1.5	(0.7)	–	–	(1.4)	–	(25.0)
PIXmania	(31.3)	(7.6)	(3.2)	(64.6)	(70.3)	(5.4)	–	(182.4)
Operating profit / (loss) before central costs and property losses	178.1	(8.0)	(4.2)	(87.5)	(79.4)	(5.9)	–	(6.9)
Central costs	(16.9)	–	–	(1.9)	–	–	–	(18.8)
Property losses	(25.2)	–	–	–	–	–	–	(25.2)
Operating profit / (loss)	136.0	(8.0)	(4.2)	(89.4)	(79.4)	(5.9)	–	(50.9)
Loss on sale of business	–	–	–	–	–	–	(9.6)	(9.6)
Finance income	7.2	0.3	–	–	–	–	46.5	54.0
Finance costs	(48.7)	–	–	–	–	–	(60.1)	(108.8)
Profit / (loss) before tax for the period	94.5	(7.7)	(4.2)	(89.4)	(79.4)	(5.9)	(23.2)	(115.3)

Notes to the Financial Information (continued)

2 Segmental analysis (continued)

	External revenue £million	Inter-segmental revenue £million	Total revenue £million	Underlying profit / (loss) £million	2011/12 Re-presented Total profit / (loss) £million
UK & Ireland	3,854.2	50.5	3,904.7	81.5	66.8
Northern Europe	2,619.3	28.6	2,647.9	113.1	151.9
Southern Europe	1,054.7	0.3	1,055.0	(31.3)	(202.5)
PIXmania	665.0	6.0	671.0	(15.2)	(58.2)
Eliminations	–	(85.4)	(85.4)	–	–
	8,193.2	–	8,193.2	148.1	(42.0)
Share of post-tax results of associates				0.6	0.6
Operating profit / (loss) before central costs and property losses				148.7	(41.4)
Central costs				(13.8)	(14.0)
Property losses				(13.6)	(13.5)
Operating profit / (loss)				121.3	(68.9)
Finance income				11.8	63.5
Finance costs				(51.0)	(113.4)
Profit / (loss) before tax for the period				82.1	(118.8)

External revenue for UK & Ireland, Southern Europe and PIXmania includes £102.9 million, £6.5 million and £173.6 million, respectively relating to the businesses exited / to be exited.

Reconciliation of underlying profit / (loss) to total profit / (loss)

	Underlying profit / (loss) £million	Businesses exited / to be exited £million	Amortisation of acquired intangibles £million	Net restructuring charges £million	Business impairment charges £million	Other items £million	Non-operating items £million	2011/12 Re-presented Total profit / (loss) £million
UK & Ireland	81.5	(1.6)	(0.4)	(9.5)	–	(3.2)	–	66.8
Northern Europe	113.1	–	–	–	–	38.8	–	151.9
Southern Europe	(31.3)	(2.9)	(0.7)	–	(167.6)	–	–	(202.5)
PIXmania	(15.2)	(4.6)	(3.4)	(6.6)	(28.4)	–	–	(58.2)
	148.1	(9.1)	(4.5)	(16.1)	(196.0)	35.6	–	(42.0)
Share of post-tax results of associates	0.6	–	–	–	–	–	–	0.6
Operating profit / (loss) before central costs and property losses	148.7	(9.1)	(4.5)	(16.1)	(196.0)	35.6	–	(41.4)
Central costs	(13.8)	–	–	(0.2)	–	–	–	(14.0)
Property losses	(13.6)	0.1	–	–	–	–	–	(13.5)
Operating profit / (loss)	121.3	(9.0)	(4.5)	(16.3)	(196.0)	35.6	–	(68.9)
Finance income	11.8	0.6	–	–	–	–	51.1	63.5
Finance costs	(51.0)	(0.1)	–	–	–	–	(62.3)	(113.4)
Profit / (loss) before tax for the period	82.1	(8.5)	(4.5)	(16.3)	(196.0)	35.6	(11.2)	(118.8)

Share of post-tax results of associates relates to Northern Europe.

Notes to the Financial Information (continued)

3 Non-underlying items

	Note	2012/13			2011/12 Re-presented		
		Businesses exited / to be exited £million	Other £million	Total £million	Businesses exited / to be exited £million	Other £million	Total £million
Included in operating profit / (loss):							
Businesses exited / to be exited	(i)	(8.0)	–	(8.0)	(9.0)	–	(9.0)
Amortisation of acquired intangibles		–	(4.2)	(4.2)	–	(4.5)	(4.5)
Net restructuring charges	(ii)	–	(89.4)	(89.4)	–	(16.3)	(16.3)
Business impairment charges	(iii)	–	(79.4)	(79.4)	–	(196.0)	(196.0)
Other items	(iv)	–	(5.9)	(5.9)	–	35.6	35.6
		(8.0)	(178.9)	(186.9)	(9.0)	(181.2)	(190.2)
Loss on sale of business	(v)	–	(9.6)	(9.6)	–	–	–
Included in net finance costs:							
Businesses exited / to be exited	(i)	0.3	–	0.3	0.5	–	0.5
Net non-cash finance costs on defined benefit pension schemes	(vi)	–	(7.4)	(7.4)	–	(5.7)	(5.7)
Net fair value remeasurements of financial instruments	(vii)	–	(1.9)	(1.9)	–	(2.8)	(2.8)
2012 Bonds and 2015 Notes redemption costs	(viii)	–	(3.2)	(3.2)	–	–	–
Accelerated amortisation of bond / facility fees	(ix)	–	(1.1)	(1.1)	–	(2.7)	(2.7)
		0.3	(13.6)	(13.3)	0.5	(11.2)	(10.7)
Total impact on profit / (loss) before tax		(7.7)	(202.1)	(209.8)	(8.5)	(192.4)	(200.9)
Included in income tax expense:							
Businesses exited / to be exited		(0.5)	–	(0.5)	(0.5)	–	(0.5)
Tax on other non-underlying items		–	18.4	18.4	–	9.7	9.7
Non-underlying: tax specific items	(x)	–	(21.5)	(21.5)	–	(16.0)	(16.0)
		(0.5)	(3.1)	(3.6)	(0.5)	(6.3)	(6.8)
Total impact on profit / (loss) after tax		(8.2)	(205.2)	(213.4)	(9.0)	(198.7)	(207.7)

(i) Businesses exited / to be exited: comprises the trading results of businesses sold, to be sold, closed and to be closed and includes the activities of:

- Equanet, which was sold during the year and which constituted the majority of the B2B activities of the UK & Ireland division;
- Webhallen, a media and games multi-channel retailer which was also sold during the year although has not yet completed;
- PLS, a small photo processing operation which was sold on 7 May 2013;
- PIXmania stores which were closed during the year; and
- PC City Spain which was closed in June 2011 whereby these activities comprise the unwinding of residual deferred income and related costs.

(ii) Net restructuring charges – strategic reorganisation:

	2012/13 £million	2011/12 £million
Asset impairments	(35.1)	(8.8)
Property charges	(18.2)	(2.9)
Other charges	(36.1)	(4.6)
	(89.4)	(16.3)

Notes to the Financial Information (continued)

3 Non-underlying items (continued)

2012/13:

Charges related predominantly to the reorganisation of the PIXmania business and the remaining retained UK B2B operations following the sale of Equanet for which the charges are £64.6 million and £22.9 million, respectively. For PIXmania, such charges comprise mainly asset write offs arising from property restructuring, lease provisions, employee severance and inventory write downs following on from the exit from certain markets. In addition, following the acquisition of full control of the PIXmania business in August 2012 and against the backdrop of especially challenging trading and increasingly difficult markets in which PIXmania operates, the carrying value of certain assets has been written down. In respect of the UK B2B operations, the charges relate mainly to an onerous lease in respect of the former Equanet operations and related fixed asset write offs.

2011/12:

Charges related predominantly to the renewal and transformation of the UK & Ireland business which has been focused mainly on the reformatting and reorganisation of the store portfolio and the reorganisation of the service offering as well as a reorganisation of the PIXmania photo processing operations.

In the UK, asset impairments related mainly to items of property, plant & equipment, some of which comprised incremental accelerated depreciation charges which arose from restructuring initiatives which commenced in 2007/08. Property charges comprised onerous lease costs and charges related to vacating properties. Other charges predominantly comprised employee severance.

The PIXmania restructuring charges amounted to £6.6 million and related to the closure and ensuing reorganisation of its photo processing operations. The charge comprised £1.7 million for asset impairments, £1.7 million for onerous property charges and £3.2 million of other charges.

(iii) Business impairment charges:

	2012/13			
	Goodwill impairment £million	Other assets impairment £million	Property charges £million	Other charges £million
PIXmania	(45.2)	(25.1)	–	–
Other businesses	(6.6)	(2.5)	–	–
	(51.8)	(27.6)	–	–

	2011/12			
	Goodwill impairment £million	Other assets impairment £million	Property charges £million	Other charges £million
Italian business	(109.4)	(5.6)	(15.1)	(1.0)
PIXmania	(28.4)	–	–	–
Greek business	(36.5)	–	–	–
	(174.3)	(5.6)	(15.1)	(1.0)

2012/13:

- PIXmania business: Following on from the weaknesses identified for the 52 weeks ended 28 April 2012, a lower than anticipated result in the first part of the year together with a change in management control from 77.1% to 99.2% during the period which caused a strategic review which was undertaken for this business, this led to the conclusion that both the acquisition goodwill and the brand name of PIXmania to be fully impaired to £nil.
- Other businesses: This relates to the impairment of goodwill of a small UK B2B operation following the re-organisation and significant reduction in the UK & Ireland's B2B operations following the sale of Equanet as well as the full write down of the investment in an associate following continued declining results.

2011/12:

- Italian business: The increased macro-economic uncertainties, which contributed to further weakness in the Italian economy which was particularly evident over the Peak trading period, together with an expectation that growth in the Italian economy would be significantly less than previously forecast, led to an impairment to the goodwill of Unieuro, as well as impairment charges to property, plant & equipment and property charges comprising onerous lease costs.
- PIXmania and Greek business: Continuing weakness in the Southern European economies in which PIXmania operates, which includes Greece, and which was again particularly evident over the Peak trading period, together with further delays to anticipated economic recovery, resulted in profit performance continuing to fall further behind that envisaged in the prior period's forecasts. This therefore led to an impairment to the goodwill in these businesses.

Notes to the Financial Information (continued)

3 Non-underlying items (continued)

(iv) Other items comprise the following:

	2012/13 £million	2011/12 £million
Exceptional provisions and charges	(6.8)	-
Profit on disposal of property	-	37.2
UK riot related income / (net costs)	0.9	(3.2)
Revaluation of associate shares	-	1.6
	(5.9)	35.6

2012/13:

Exceptional provisions and charges relate predominantly to claims for certain investment initiatives in PIXmania, whereby retrospective changes in the authorities' interpretations of legislation have resulted in uncertainty regarding the funding previously agreed and/or received in prior years.

UK riot related income comprises insurance recoveries in respect of charges incurred in 2011/12.

2011/12:

- Profit on disposal of property related to the sale and leaseback of the Group's Nordic distribution centre in Jönköping in Sweden. The sale completed on 23 June 2011 for SEK 602 million (£58.1 million). Owing to the size of the gain as well as the significance of the property in relation to the Group's operations, the profit was treated as a non-underlying item.
- UK Riot related net costs comprised mainly inventory write offs and reinstatement costs together with certain other incremental costs arising from the riots which occurred in August 2011 and which amounted to £3.5 million. These amounts were offset by insurance recoveries received of £0.3 million.
- Revaluation of associate shares: Related to gain arising on the revaluation of a previous small associate shareholding following the acquisition of the remaining shares during the period.

(v) Loss on sale of business:

On 28 March 2013, the Group completed the disposal of its Equanet B2B operations (Equanet) to Kelway (UK) Limited for consideration of £4.2 million. The loss on disposal is analysed as follows:

	£million
Net assets disposed:	
Goodwill	10.7
Other assets	1.7
	12.4
Loss on disposal	(9.6)
Consideration and costs	2.8
Consideration	4.2
Disposal fees and exit costs	(1.4)
Consideration and costs	2.8

(vi) Net non-cash financing costs on defined benefit pension schemes: Under IAS 19 'Employee Benefits', the cost of providing defined benefit pension benefits in the future is discounted to a present value at the corporate bond yield rates applicable on the last day of the previous financial year and the effects of this discounting are charged into finance costs. Corporate bond yield rates vary over time which in turn creates volatility in the income statement and balance sheet. In respect of scheme assets, a finance income is generated in the income statement based on the expected rate of return on scheme assets again determined on the last day of the previous financial year. The sum of these two effects is a non-cash remeasurement cost which can be volatile due to corporate bond yield rates prevailing on a particular day and is also unrepresentative of the actual investment gains or losses made or the liabilities paid and payable. Starting in the current year (with comparatives being re-presented) and consistent with a number of other companies, the accounting effects of these non-cash revaluations of assets and liabilities have been excluded from underlying earnings.

Notes to the Financial Information (continued)

3 Non-underlying items (continued)

- (vii) Net fair value remeasurement gains and losses on revaluation of financial instruments: Items excluded from underlying finance income and expense represent the gains and losses arising from the revaluation of derivative financial instruments under methodologies stipulated by IAS 39 compared with those on an accruals basis (the basis upon which all other items in the financial statements are prepared). Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives will be settled before their maturity.

Such gains and losses are unrealised and in the directors' view also conflict with both the commercial reasons for entering into such arrangements as well as Group Treasury policy whereby early settlement in the majority of cases would amount to speculative use of derivatives.

- (viii) On 20 September 2012, the Group repurchased £15.6 million in nominal amount of its 6.125% Guaranteed Bonds due November 2012 (the 2012 Bonds) as well as £49.4 million in nominal amount of its 8.75% Guaranteed Notes due August 2015 (the 2015 Notes). The latter repurchase was funded by part of a new issue of £150 million 8.75% Guaranteed Notes due September 2017 (the 2017 Notes) and for which the proceeds were received on the same date. The issue of the 2017 Notes has resulted in the Group's revolving facility agreement being reduced from £300 million down to £225 million as part of the terms of this facility whereby if new debt financing was raised, a reduction in the amount of this facility would ensue.

- (ix) 2012/13: As a result of the repurchases of the 2012 Bonds and 2015 Notes on 20 September 2012, charges have been incurred relating to the acceleration of the amortisation of fees from the 2012 Bonds and the 2015 Notes which would otherwise have been charged evenly over the period to the 2012 Bonds' maturity in November 2012 and the 2015 Notes' maturity in August 2015, together with a redemption premium.

2011/12: On 24 May 2012, the Group signed an amendment and restatement agreement implementing a revised revolving facility agreement (the Amended Facility) for £300 million. The renegotiation of this facility triggered the acceleration of the amortisation of fees for the £360 million revolving credit facility (the £360 million Facility) which would otherwise have been charged evenly over the period to the pre-existing facility's maturity in August 2013 and which were therefore charged in 2011/12.

- (x) 2012/13: Such items relate to the impairment of net deferred tax assets in PIXmania following the strategic review of the business described in note (iii) where such impairment represents the prudent assessment of the ability to utilise tax losses within an appropriate timeframe.

2011/12: Tax specific non-underlying items comprise adjustments in respect of prior years which relate mainly to the recognition and remeasurement of deferred tax liabilities on historical acquisitions in the Northern Europe division for which differences between the tax written down value and the book value of goodwill from acquisition have been identified and for which IAS 12 requires such recognition. Because these items relate to historical acquisitions from prior years and the liabilities created will not give rise to any actual payment of tax either in the current or future periods in any of the jurisdictions in which the Group operates, the ensuing charge required to create the liability has been treated as non-underlying. The liability which has been recorded and which arises due to accounting standard requirements is expected to remain for the foreseeable future.

Notes to the Financial Information (continued)

4 Net finance costs

		2012/13 £million	2011/12 Re-presented £million
Bank and other interest receivable			
Non-underlying: businesses exited / to be exited	*	0.3	0.6
Underlying		7.2	11.8
Expected return on pension scheme assets	*	43.5	44.8
Fair value remeasurement gains on financial instruments	*	3.0	6.3
Finance income		54.0	63.5
6.125% Guaranteed Bonds 2012 interest and related charges		(4.9)	(9.3)
8.75% Guaranteed Notes 2015 interest and related charges		(11.4)	(14.0)
8.75% Guaranteed Notes 2017 interest and related charges		(8.5)	-
Bank loans, overdrafts and other interest payable:			
Non-underlying: businesses exited / to be exited	*	-	(0.1)
Underlying		(17.6)	(21.3)
Finance lease interest payable		(6.3)	(6.4)
Interest on pension scheme liabilities	*	(50.9)	(50.5)
Fair value remeasurement losses on financial instruments	*	(4.9)	(9.1)
Accelerated amortisation of bond / facility fees	*	(1.1)	(2.7)
2012 Bonds and 2015 Notes redemption costs	*	(3.2)	-
Finance costs		(108.8)	(113.4)
Total net finance costs		(54.8)	(49.9)
Underlying total net finance costs		(41.5)	(39.2)

Underlying total net finance costs exclude items marked *. See note 3 for a description of such items. Net finance costs for the businesses exited / to be exited comprise bank and other interest receivable and interest on bank loans and overdrafts.

Notes to the Financial Information (continued)

5 Tax
Income tax expense

		2012/13 £million	2011/12 Re-presented £million
Current tax			
UK corporation tax at 23.92% ⁽ⁱⁱ⁾ (2011/12 25.85%)		0.3	–
Overseas taxation – underlying		32.3	28.6
– businesses exited / to be exited	*	0.5	0.5
Adjustment in respect of earlier periods:			
Overseas taxation – underlying		(0.9)	4.4
– non-underlying: tax specific	*	–	4.1
		32.2	37.6
Deferred tax			
Current period – underlying		14.8	10.1
– non-underlying: other	*	(18.4)	(9.7)
Adjustment in respect of earlier periods:			
UK corporation tax – underlying		6.5	(1.7)
– non-underlying: tax specific	*	–	2.5
Overseas taxation – underlying		(3.8)	(4.1)
– non-underlying: tax specific	*	21.5	9.4
		20.6	6.5
Income tax expense		52.8	44.1
Underlying income tax expense	(i)	49.2	37.3

(i) Underlying income tax expense excludes those items marked *. Further information on these items is shown in note 3.

(ii) The UK corporation tax rate for the period was 24% for the period up to 31 March 2013 and 23% thereafter (2011/12 26% for the period up to 31 March 2012 and 24% thereafter).

Notes to the Financial Information (continued)

6 Earnings per share

	2012/13 £million	2011/12 Re-presented £million
Basic and diluted loss	(158.2)	(154.3)
Adjustments (non-underlying)		
Loss from businesses exited / to be exited	7.7	8.5
Amortisation of acquired intangibles	4.2	4.5
Net restructuring charges	89.4	16.3
Business impairment charges	79.4	196.0
Other items	5.9	(35.6)
Loss on sale of business	9.6	–
Net finance costs	13.6	11.2
	209.8	200.9
Attributable to non-controlling interests	(1.3)	(3.5)
Attributable to equity shareholders of the parent company	208.5	197.4
Tax on adjustments	(17.9)	(9.2)
Tax specific non-underlying items	21.5	16.0
Attributable to non-controlling interests	0.3	0.7
Tax on adjustments attributable to equity shareholders of the parent company	3.9	7.5
Total adjustments (net of taxation)	212.4	204.9
Underlying basic and diluted earnings	54.2	50.6
	Million	Million
Weighted average number of shares for:		
Basic and underlying basic (loss) / earnings	3,616.5	3,608.7
Diluted loss [†]	3,616.5	3,608.7
Underlying diluted earnings	3,696.4	3,620.2
Potentially dilutive shares under employee share option and ownership schemes[†]	79.9	11.5
	Pence	Pence
Basic (loss) / earnings per share		
Total	(4.4)	(4.3)
Adjustments (net of taxation)	5.9	5.7
Underlying basic earnings per share	1.5	1.4
Diluted (loss) / earnings per share		
Total	(4.4)	(4.3)
Adjustments (net of taxation)	5.9	5.7
Underlying diluted earnings per share	1.5	1.4

[†] In accordance with IAS 33, the weighted average number of shares for the calculation of diluted (loss) / earnings per share does not include potentially dilutive shares if they would decrease the loss per share.

Basic and diluted earnings per share are based on the profit for the period attributable to equity shareholders. Underlying earnings per share are presented in order to show the underlying performance of the Group. Adjustments used to determine underlying earnings are described further in note 3.

Notes to the Financial Information (continued)

7 Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash inflow from operating activities

	2012/13 £million	2011/12 £million
Operating loss	(50.9)	(68.9)
Amortisation of acquired intangibles	4.2	4.5
Amortisation of other intangibles	17.5	18.4
Depreciation	116.5	120.4
Share-based payment charge / (credit)	4.1	(4.7)
Share of post-tax results of associates	–	(0.6)
Underlying property loss	25.2	13.5
Profit on disposal of Jönköping	–	(37.2)
Increase in non-underlying provisions	40.8	23.0
Non-underlying impairments, other charges and accelerated depreciation	133.0	190.9
Utilisation of non-underlying provisions	(19.8)	(43.8)
Operating cash flows before movements in working capital	270.6	215.5
Movements in working capital:		
(Increase) / decrease in inventories	(11.3)	41.3
Decrease in trade and other receivables	27.6	29.6
Increase / (decrease) in trade and other payables	78.3	(55.1)
	94.6	15.8
Cash generated from operations – continuing operations	365.2	231.3

Notes to the Financial Information (continued)

7 Notes to the cash flow statement (continued)

(b) Analysis of net debt

	29 April 2012 £million	Cash flow £million	Other non-cash movements £million	Currency translation £million	30 April 2013 £million
Cash and cash equivalents [†]	316.8	78.7	–	9.8	405.3
Bank overdrafts	(15.8)	(1.4)	–	(0.5)	(17.7)
	301.0	77.3	–	9.3	387.6
Short term investments	7.3	(5.3)	0.4	–	2.4
Borrowings due within one year	(162.5)	155.5	2.5	–	(4.5)
Borrowings due after more than one year	(147.8)	(97.1)	(0.5)	–	(245.4)
Obligations under finance leases	(102.0)	4.7	(0.9)	0.2	(98.0)
	(412.3)	63.1	1.1	0.2	(347.9)
Net (debt) / funds	(104.0)	135.1	1.5	9.5	42.1

	1 May 2011 £million	Cash flow £million	Other non-cash movements £million	Currency translation £million	28 April 2012 £million
Cash and cash equivalents [†]	334.7	(6.9)	–	(11.0)	316.8
Bank overdrafts	(5.6)	(10.0)	–	(0.2)	(15.8)
	329.1	(16.9)	–	(11.2)	301.0
Short term investments	10.5	(3.1)	(0.1)	–	7.3
Borrowings due within one year	(130.0)	130.0	(162.5)	–	(162.5)
Borrowings due after more than one year	(315.3)	–	167.5	–	(147.8)
Obligations under finance leases	(101.1)	1.6	(2.0)	(0.5)	(102.0)
	(546.4)	131.6	3.0	(0.5)	(412.3)
Net debt	(206.8)	111.6	2.9	(11.7)	(104.0)

Restricted funds, which predominantly comprise funds held under trust to fund potential customer support agreement liabilities were £110.2 million (2012 £114.0 million). Net debt excluding restricted funds totalled £68.1 million (2012 £218.0 million).

[†] Cash and cash equivalents are presented as a single class of assets on the face of the consolidated balance sheet. For the purposes of the consolidated cash flow, cash and cash equivalents comprise those amounts presented on the consolidated balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the consolidated balance sheet).

Notes to the Financial Information (continued)

8 Related party transactions

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and accordingly are not disclosed.

Transactions between Group undertakings and associates comprised sales of goods of £11.2 million (2011/12 £17.1 million) and purchase of logistic services of £nil (2011/12 £4.1 million).

In addition to the charitable donations disclosed in the Corporate Responsibility Report, the Group via its registered charitable trust, the DSG international Foundation (the Foundation), also made charitable donations of £1,350 (2011/12 £5,000). The Company is the sole benefactor of the Foundation, the principal beneficiaries of which are concerned with education, community affairs, health and disabilities, heritage and the environment.

On 10 August 2012 the Group announced that it had acquired a further 22.0% of PIXmania, a company controlled by the Group, which was held by Steve Rosenblum and Jean-Emile Rosenblum together with close family members and companies controlled by them. Steve and Jean-Emile Rosenblum resigned on the date of the acquisition, and up until this point were the President and Vice President of PIXmania, respectively and until 2011/12 had also been members of the senior executive management team. In connection with their management roles with respect to PIXmania up to the date of the acquisition, Steve Rosenblum and Jean-Emile Rosenblum received management fees of €87,000 (£71,000) (2011/12 €260,000 (£223,000)).

Steve Rosenblum and Jean-Emile Rosenblum own buildings which are occupied and leased by PIXmania. During 2012/13, up until their exit from the business, total rental payments of €290,000 (£237,000) (2011/12 €706,000 (£605,000)) were charged in relation to these properties.

9 Post balance sheet event

On 7 May 2013, the Group sold PLS, a small photo processing operation which was part of PIXmania.

Responsibility Statement

The 2012/13 Annual Report and Accounts which will be issued in July 2013, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which states that as at the date of approval of the Annual Report and Accounts on 20 June 2013, the directors confirm to the best of their knowledge:

- the Group and unconsolidated Company financial statements give a true and fair view of the assets, liabilities, financial position and profit / (loss) of the Group and Company, respectively; and
- the business and financial review contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties they face.

At the date of this statement, the directors are those listed in the Group's 2011/12 Annual Report and Accounts with the exception of the following appointments and resignations:

	Date of appointment	Date of resignation
Andrew Lynch		9 May 2012
Rita Clifton		6 September 2012
Andrea Gisle Joosen	1 March 2013	

The financial statements were approved by the directors on 20 June 2013 and signed on their behalf by:

Sebastian James
Group Chief Executive

Humphrey Singer
Group Finance Director

Risks to Achieving the Group's Objectives

The Group recognises that taking risks is an inherent part of doing business and that competitive advantage can be gained through effectively managing risk. We continue to develop our risk management processes, integrating risk management into business decision making.

The principal risks and uncertainties together with their impacts are set out in the tables below along with an illustration of what is being done to mitigate them.

Context, Specific Risks and Potential Impacts

Principal Risk	Context	Specific Risks	Potential Impacts
1. Economic environment	Ongoing uncertainty in the European and global economies, with increased austerity measures to reduce deficits and borrowing	<ul style="list-style-type: none"> • The UK economic recovery is delayed with increased volatility through 2013 and beyond • Greece exits from the euro, leading to a step change deterioration of the Greek economy and challenging the sustainability of our business • Instability of the Italian and Greek governments with ongoing austerity measures results in prolonged weakness in these economies 	Greater uncertainty Increased losses Deteriorating cash flow
2. Changing technology & consumer preferences	Constantly evolving technology is driving changes in consumer behaviour	<ul style="list-style-type: none"> • We do not respond quickly enough to capitalise on changes in consumer demand for technology, e.g. growth of tablets and 3D TV • We fail to flex our offering to respond to changes in the nature of revenue streams, e.g. the move to digital downloads • We fail to respond to changes in consumer preferences as a result of converging technologies, e.g. the role of the mobile ecosystem 	Reduced revenue and profitability
3. Competition	The competitive landscape remains challenging with an array of competitor formats	<ul style="list-style-type: none"> • We fail to respond with a business model that enables us to compete effectively against a broad range of competitors, including from specialist electrical / computing retailers, generalist merchandisers and pure-players 	Reduced market share Lower margins
4. Employee effectiveness	We believe our colleagues are a key differentiator in delivering what our customers want	<ul style="list-style-type: none"> • We fail to attract, develop and retain the quality and depth of necessary leadership and management talent for our business • We fail to develop our staff to deliver the service excellence to support our customer promise 	Lower longer term profitability Reduced customer satisfaction

Risks to Achieving the Group's Objectives (continued)

Example Mitigating Actions and Related Strategic Priorities

Principal Risk	Example Mitigating Action	Related Strategic Priorities
1. Economic environment	<ul style="list-style-type: none"> • Strategy and business planning which takes into account varying economic scenarios • Ongoing monitoring by finance and senior executives • Contingency management planning for economies most at risk • Improved flexibility of cost base to improve responses to changes in economic circumstances, e.g. ongoing review and optimisation of store footprint, with closures or relocations as appropriate • Ongoing cost reduction initiatives delivering a low cost operating model • Profit and cash flow scenario planning to help the Group manage the impact of a range of possible scenarios • Reducing exposure to currency devaluation 	Sustainable business model
2. Changing technology & consumer preferences	<ul style="list-style-type: none"> • Use of extensive customer insight to understand what our customers want • Increasing investment in digital content services • Exciting product launches to make our stores the destination for the latest technology, e.g. 3D Smart Ultra High Definition TVs and tablets • Extending mobile phone proposition across the Group and strengthening in key markets • Continued focus on ensuring we have an excellent range across all price points, including own brand products 	Leader in our markets Group leverage
3. Competition	<ul style="list-style-type: none"> • Renewal and Transformation plan continues to drive improvements in our stores, cost structure and service proposition • Continuing development of strong multi-channel propositions to produce a seamless customer experience • Ensuring our prices offer good value, including use of a customer price index • Continuing to take money out of our cost base and leveraging Group-wide benefits where opportunities arise • Building ever stronger relationships with suppliers 	Leader in our markets Group leverage
4. Employee effectiveness	<ul style="list-style-type: none"> • Group-wide standardised performance management • Store structures which provide a clear career path for colleagues • Maintain Group talent and succession plans with improved "bench strength" • Reward strategy aligned to retain the best talent • Bonus plans, which include components relating to business performance and, for levels below senior management, individual performance • Continued improvements in the quality of training courses and development programmes with specialist focus on service, product, commercial and technical 	Leader in our markets

Risks to Achieving the Group's Objectives (continued)

Context, Specific Risks and Potential Impacts

Principal Risk	Context	Specific Risks	Potential Impacts
5. Finance & treasury	Difficult economic circumstances increase our focus on maintaining and improving our financial position	<ul style="list-style-type: none"> • We fail to maintain the support of our credit insurers • We fail to maintain and develop processes and controls to support changes in our business activities 	<p>Reduced revenue and profit</p> <p>Deteriorating cash flow</p>
6. Technology infrastructure change	Complex projects planned for systems changes over the medium term with increasing dependence on online systems	<ul style="list-style-type: none"> • A key system becomes unavailable for a period of time • Our IT systems do not support changing business needs • The planned IT change programme does not deliver the necessary benefits due to programme failure or not having the right programme to the required timescales 	<p>Lost revenue and margin</p>
7. Legislative, regulatory & contractual compliance	Multi-national business with a complex legislative and regulatory environment, e.g. competition, consumer rights, intellectual property, contractual obligations, health and safety, customer data	<ul style="list-style-type: none"> • Non-compliance with laws and regulations or adverse rulings by regulatory authorities • Disputes with third parties and / or business partners 	<p>Damage to our reputation</p> <p>Financial penalties</p> <p>Need to adapt business activities and / or processes</p>

Risks to Achieving the Group's Objectives (continued)

Example Mitigating Actions and Related Strategic Priorities

Principal Risk	Example Mitigating Action	Related Strategic Priorities
5. Finance & treasury	<ul style="list-style-type: none"> • Maintain adequate headroom in revolving credit facility • Tight balance sheet management with independent reviews by Group Finance • Strong cash forecasting, management and monitoring • Rigorous pre and post investment appraisal processes • Proactive engagement with suppliers and credit insurers • Innovations in, and close scrutiny of, working capital together with regular monitoring and review • Detailed Group hedging policies, managed centrally and reviewed through a Group Tax and Treasury Committee 	Sustainable business model
6. Technology infrastructure change	<ul style="list-style-type: none"> • Development and implementation of IT strategy to harmonise key systems • Evaluation, planning and implementation analysis carried out before updating or introducing new systems that have an impact on critical functions • Investment in website functionality and user friendliness • Implementation of appropriate measures to secure key systems and data against malicious attack • Contingency plans are in place and are tested regularly 	Leader in our markets Group leverage
7. Legislative, regulatory & contractual compliance	<ul style="list-style-type: none"> • In-house legal teams communicate on a frequent basis and legal reports are submitted to the Board • Legal teams manage issues which arise and there is Group oversight of significant matters • Group Ethical Conduct Policy supported by annual declaration of compliance by colleagues • Corporate Responsibility Committee meets regularly to discuss reputational and regulatory risks and monitor mitigating action • Quality checks and factory audits for own-branded product assembly • Compliance Committee approves activity that may impact the terms of Group credit facilities • Contact with regulatory authorities • Monitoring changes in legislation / regulation 	Sustainable business model

Retail Store Data

	Number of stores		Selling space '000 sq ft	
	30 April 2013	28 April 2012	30 April 2013	28 April 2012
UK & Ireland:				
UK	483	533	7,392	7,637
Dixons Travel	41	35	54	50
Ireland	28	28	309	300
Total UK & Ireland	552	596	7,755	7,987
Northern Europe:				
Norway	139	137	1,688	1,685
Sweden	74	70	1,434	1,380
Finland	40	40	702	658
Denmark ⁽¹⁾	37	38	636	722
Iceland	4	4	38	38
Czech Republic	21	20	517	494
Slovakia	4	3	69	57
Total Northern Europe ⁽²⁾	319	312	5,084	5,034
Southern Europe:				
Italy	144	148	2,089	2,179
Greece	97	98	1,021	1,066
Turkey	32	30	594	613
Southern Europe ⁽²⁾	273	276	3,704	3,858
Total continuing Retail	1,144	1,184	16,543	16,879
Businesses exited / to be exited	10	27	14	43
Total Retail	1,154	1,211	16,557	16,922

(1) Includes Islands.

(2) Includes franchise stores.