

26 June 2008 - PR 54/08
Strictly embargoed
For release at 07.00 hours

DSG international plc

PRELIMINARY AUDITED RESULTS FOR THE 53 WEEKS ENDED 3 MAY 2008

DSG international plc, one of Europe's largest specialist electrical retailers, today announces preliminary audited results for the 53 weeks ended 3 May 2008:

Financial

- Total Group sales up 8% to £8,545.9 million (2006/07 £7,929.7 million). ⁽¹⁾
- Group like for like sales⁽²⁾ up 1%.
- Underlying pre-tax profit⁽³⁾ £205.3 million (2006/07 £295.1 million).
- Underlying Retail profit⁽⁴⁾ of £201.6 million (2006/07 £264.9 million).
- Free Cash Flow⁽⁵⁾ of £83.3 million (2006/07 £164.2 million).
- Underlying diluted earnings per share 7.8 pence (2006/07 10.9 pence).
- After net restructuring and business impairment charges of £389.2 million, total loss before tax £(192.8) million (2006/07 profit £114.1 million). Basic loss per share (14.5) pence (2006/07 basic earnings per share 1.8 pence).
- As at 3 May 2008 the Group had £779 million of available funding headroom.
- Proposed final dividend of 3.43 pence (2006/07 6.85 pence), making total dividends for the year of 5.45 pence per share (2006/07 8.87 pence per share).

Operational

- Challenging year for the Group.
- Currys, Elkj p, Kotsovolos and e-commerce businesses performed well, in the face of a more demanding environment.
- Milestone of £1 billion of sales online (representing 12% of total Group sales) achieved across pure-play and multi-channel internet operations.
- Cost savings of £30 million delivered during the period.
- Roll out of successful large Electro World format in Greece and Turkey.
- Four new format stores for Dixons Tax Free opened in Heathrow Terminal 5.

- The TechGuys sales doubled in the year responding to growing demand for support and service from customers.
- Recycling and in-store take-back of used products launched in the UK with over 32,000 tonnes collected so far.

Renewal and Transformation plan

- Five point renewal and transformation plan underway to improve profitability and competitiveness by offering an unbeatable combination of value, choice and service for our customers.
- Key actions in progress:
 - Three new format PC World stores now operational with a further 13 due to be operational over next 3 months.
 - New trial stores for Currys and Currys.digital in place for Christmas 2008.
 - Strong sales in new 50,000 ft² large store format in Oslo. This format is being rolled out across Nordics.
 - Large format store to be opened in the UK in the autumn.
 - All ranges reviewed with wider and better choices being offered.
 - New store colleague incentive scheme being trialled in the UK.
 - Roll out of new 5 step selling process to improve customer service.
 - UK wide training of colleagues with greater emphasis on service, connectivity, delivery, installation and repair in a world of converging technology.
 - Roll out of Get Connected programme in PC World to provide subscription services to our customers.
 - Now includes discounts of up to £450 on a choice of over 60 laptops.
 - Detailed turnaround plan and decisive steps from new management team in UniEuro with 43 store closure programme announced.
 - Actions to reduce costs in the head office, supply chain and operations by £50 million finalised, to free up resource to invest in customers.

John Browett, Chief Executive commented:

“The Group is operating in a challenging environment. We have lots of opportunities to improve performance and build on the Group's many inherent strengths as a leading specialist electrical retailer. We are working very hard on executing our five point plan that will renew and transform the business over the next three years. We are revamping ranges, retraining staff, trialling new store formats, selling new services, cutting costs and simplifying the business from top to bottom.”

Outlook

The economic backdrop continues to be difficult and the Group remains very cautious about consumer confidence in many of the markets in which it operates. In this environment the Group's clear priorities are focused on reducing costs further and managing cash flow while continuing to improve customer focus.

For further information

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Information on DSG international plc is available at <http://www.dsgiplc.com>

An audio webcast of the analyst presentation being held this morning will be available from 3.00pm today at <http://www.dsgiplc.com> (click "financial information", then "presentations").

NOTES

- (1) Sales in 2007/08 were based on a 53 week year, compared to 52 weeks in 2006/07. On a consistent basis, Group sales were up 7%.
 - (2) Like for like sales are calculated based on stores that have been open for a full financial year both at the commencement and end of the financial period. Customer support agreement sales are excluded from all UK like for like calculations to remove the distorting effect of the introduction of pay as you go customer support agreements. Operations that are subject to closure have sales excluded as of the announcement date.
 - (3) Throughout this statement, references are made to 'underlying' performance measures. Underlying results are defined as being before amortisation of acquired intangibles, net restructuring and business impairment charges, other one off items, profit on sale of investments, net fair value remeasurements of financial instruments and, where applicable, discontinued operations. 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.
 - (4) Retail profit is profit before tax, finance income and property (losses) / profits.
 - (5) Free Cash Flow relates to continuing operations and comprises net cash flow from operating activities before special pension contributions, plus net finance income, less income tax paid and net capital expenditure.
 - (6) Unless otherwise noted, throughout this statement figures relate to continuing operations. Total revenue including discontinued operations was £8,556.8 million (2006/07 £8,104.5 million).
 - (7) Certain statements made in this announcement are forward looking statements. 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.
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UNDERLYING SALES AND PROFIT ANALYSIS

	Note	Sales				Underlying profit /(loss) ⁽¹⁾	
		53 weeks ended 3 May 2008 £ million	52 weeks ended 28 April 2007 £ million	Total ⁽²⁾ % change	Like for like %	53 weeks ended 3 May 2008 £ million	52 weeks ended 28 April 2007 £ million
UK & Ireland Electricals	5	2,927.0	2,813.4	4%	3%	93.5	103.3
Nordic	6	1,564.2	1,394.3	5%	2%	88.7	91.0
Southern Europe	7	1,037.0	917.0	5%	(6)%	(8.1)	8.0
Central Europe	8	203.5	160.3	14%	-	(6.8)	(9.3)
Total Electricals		5,731.7	5,285.0	8%	1%	167.3	193.0
UK Computing	3,5	1,818.7	1,846.3	(1)%	(5)%	63.2	124.6
International Computing	4	343.2	347.0	(8)%	-	(12.0)	(28.2)
Total Computing		2,161.9	2,193.3	(1)%	(6)%	51.2	96.4
<i>Int'l Computing – excl PC City France</i>		<i>341.5</i>	<i>296.4</i>	<i>8%</i>			
<i>Total Computing – excl PC City France</i>		<i>2,160.2</i>	<i>2,142.7</i>	<i>1%</i>			
e-commerce	9	652.3	451.3	n/a	27%	7.5	1.2
Central Costs		-	0.1	-	-	(24.4)	(25.7)
Total Group Retail		8,545.9	7,929.7	8%	1%	201.6	264.9
Underlying net finance income						11.0	21.5
Property (losses) / profits						(7.3)	8.7
Group underlying profit before tax						205.3	295.1

Notes

- (1) Underlying results are defined as being before amortisation of acquired intangibles, net restructuring and business impairment charges, other one-off items, profit on sale of investments, net fair value remeasurements of financial instruments and, where applicable, discontinued operations.
- (2) Total sales percentage change is reported in local currency for regional sales and in pounds sterling for divisional and Group totals.
- (3) UK Computing comprises PC World, DSGi Business and The TechGuys.
- (4) International Computing comprises the PC City operations in Spain, France, Sweden and Italy. The number of International Computing stores trading are insufficient for a meaningful like for like comparison to be made.
- (5) A small business services part of the Group is now reported within UK & Ireland Electricals instead of UK Computing to better reflect management responsibility. 2006/07 sales of £4.5 million and underlying profit of £0.2 million have also been reclassified to reflect this change.
- (6) Nordic comprises the Elkjøp Group, which operates in Norway, Sweden, Finland, Denmark, Iceland, Greenland and the Faroe Islands.
- (7) Southern Europe comprises operations in Italy, Greece and Turkey.
- (8) Central Europe comprises Electro World operations in Hungary, the Czech Republic and Poland. The number of Central Europe stores trading are insufficient for a meaningful like for like comparison to be made.
- (9) E-commerce division comprises Dixons.co.uk and PIXmania.

BUSINESS PERFORMANCE

Group sales were up 8% to £8,545.9 million (2006/07 £7,929.7 million) and up 1% like for like. Group underlying retail profit before property profits or losses, interest and tax was £201.6 million (2006/07 £264.9 million). Group underlying profit before tax was £205.3 million (2006/07 £295.1 million). Like for like gross margins, which exclude e-commerce, were down 0.7% year on year.

ELECTRICALS DIVISION

Total sales in the Electricals division were up 8% to £5,731.7 million (2006/07 £5,285.0 million) and like for like sales were up 1% with strong sales across the year of flat panel televisions and digital products. Underlying operating profit was £167.3 million (2006/07 £193.0 million).

UK & IRELAND

Total sales in the UK & Ireland operations were up 4% at £2,927.0 million (2006/07 £2,813.4 million) with like for like sales up 3%. Underlying operating profit was £93.5 million (2006/07 £103.3 million).

Currys, including Currys.digital, experienced a strong start to the year, with share gains in key categories. The second half was more challenging as the consumer environment worsened and increased promotional activity impacted margins.

Currys internet sales continued to grow strongly, supported by the reserve and collect facility which is an increasingly popular route to purchase for customers.

Currys added mezzanines to 12 stores during the year. The addition of the extra space enables extended ranges of products particularly for flat panel televisions as well as improved display of essentials and accessories. Early indications for this trial have been very encouraging and a further 5 stores have been identified for mezzanine installation in time for Christmas Peak, with further conversions planned before year end.

Ireland grew total sales by 5% across the year, driven by the opening of new stores underpinning the Group's leading position in that market. With a sharp slowdown in the consumer environment, particularly in the second half, like for like sales were impacted.

Dixons Tax Free opened 4 new stores in Terminal 5 at Heathrow. These include two updated formats of the Dixons Tax Free stores, a new accessories store and the first PC World store in a UK airport. The Terminal 5 stores are trading well. Dixons Tax Free now operates a total of 29 stores in 12 airports.

NORDIC

In the Nordic region, Elkjøp grew total sales by 5% at constant exchange rates to £1,564.2 million (2006/07 £1,394.3 million) with like for like sales up 2%. Underlying operating profits declined by 3% (by 9% at constant exchange rates) to £88.7 million (2006/07 £91.0 million).

Profit was held back primarily by a poor performance in Markantalo and to some extent by a weakening consumer environment across the Nordic market. Elkjøp has now accelerated the integration of Markantalo more fully into the Group, involving refits to stores to improve ranges of key products, improvements in the availability of accessories and essentials, reducing older ranges and closing smaller stores.

Elkjøp's multi-channel offering continued to grow in all markets with a 34% increase in online sales. It introduced a reserve and collect service in time for Christmas Peak in most of its operations which has been well received by customers.

In early May 2008, Elkjøp opened a new large store format in Lørenskog (near Oslo) in Norway. This is a 50,000 square foot store on two levels set out to the Group's new format with increased ranges, particularly of accessories and essentials. Initial customer feedback is positive and this format provides the basis of further large stores across the Nordic region and other markets.

As part of the renewal and transformation plan, PC City Sweden will be integrated into the operations of Elkjøp in that market. Management plans to trial a PC City proposition within a large El-Giganten store during the year.

With the addition of 21 new stores in the year of which 16 are franchise stores, Elkjøp now operates a total of 274 stores across the region of which 176 are owned.

SOUTHERN EUROPE

Sales in the Group's Southern European operations grew in total by 5% at constant exchange rates to £1,037.0 million (2006/07 £917.0 million), with like for like sales down 6%. Another strong performance in Greece has been more than offset by the weak performance in Italy and the planned investment in new stores in Turkey. Underlying operating loss was £(8.1) million (2006/07 profit of £8.0 million).

Italy

Total sales for UniEuro in Italy were up 1% at constant exchange rates to £663.0 million (2006/07 £621.4 million). Like for like sales were down 11%, affected by the weakening consumer environment, combined with poor execution in a very competitive electrical retailing market.

During the year UniEuro appointed a new managing director, together with other senior appointments. The new management team have quickly identified the issues facing UniEuro and actions are being taken. They have completed the review of the property portfolio, announcing the closure of 43 stores that UniEuro will exit over the next 2 years. UniEuro will continue to look for new store locations that complement Italian shopping trends and UniEuro's specialist electrical proposition. Progress is also being made to refocus UniEuro's marketing efforts as well as improving ranges, in-store availability and stock turn.

PC City in Italy has been integrated into the existing UniEuro operations. The PC City stores will either be closed as a part of the existing store closure programme or rebranded under the UniEuro brand. The Group is trialling a PC City shop within UniEuro stores.

As a result of the actions the new management team are taking, the Group is confident in the long term prospects for UniEuro, however the weak consumer environment will impact overall performance in the short term.

Greece

Kotsovolos total sales were up 13% at constant exchange rates at £354.1 million (2006/07 £295.6 million) with like for like sales up 4%.

Kotsovolos continued to consolidate its position as Greece's leading specialist electrical retailer delivering market leading prices, services and ranges to its customers.

Four new large space out of town stores were opened during the year. Three of these were under the Electro World brand. These stores are based on a new large space proposition of 30-40,000 square feet. These formats provide an exciting retail environment for customers, delivering greater depth of ranges in all product areas especially for accessories and essentials.

On 24 May 2007, the Group announced that following the exercise of a put option by Fourlis Holding SA ("Fourlis"), it had acquired a further 10% interest in Kotsovolos for a cash consideration of €22.9 million (£15.6 million). The consideration was calculated in accordance with the pricing formula agreed at the time the Group acquired a controlling interest in Kotsovolos in September 2004. This

acquisition takes the Group's total interest in Kotsovolos to 89% of the issued share capital. Under the terms of the original acquisition agreement, Furlis retained a 20% interest in Kotsovolos, which has now reduced to 10% as a consequence of this transaction. Furlis has the right to sell its remaining interest to the Group from September 2008 and the Group has the right to acquire any outstanding interest held by Furlis from September 2009.

Turkey

During the year the Group commenced operations in Turkey with its local joint venture partner and has now opened a total of 5 stores under the Electro World brand. These new stores are based on the Group's new large space format, providing a greater product range and exciting retail environment for customers. Initial results from these stores has been positive with further stores planned.

CENTRAL EUROPE

In Central Europe, Electro World grew total sales by 14%, at constant exchange rates, to £203.5 million (2006/07 £160.3 million). Underlying investment operating losses were £(6.8) million (2006/07 £(9.3) million).

Operations in the Czech Republic continue to perform well, delivering a second year of profits from its 16 stores. Despite the continued austerity programme being implemented by the Government, operations in Hungary delivered a more encouraging performance across the year. Poland remains a competitive market, and operations performed in line with expectations. A total of 8 stores were opened across all three markets in the year.

Electro World has an established central logistics infrastructure and regional management team across its markets and is building strong market positions in each of the markets in which it operates. The Group will be reviewing how best to exploit the potential of these operations for shareholders over the coming financial year.

COMPUTING DIVISION

Total sales in the Computing division were down 1% year on year at £2,161.9 million (2006/07 £2,193.3 million) with like for like sales down 6%. Underlying operating profit was £51.2 million (2006/07 £96.4 million). The closure of the PC City operations in France was announced on 11 February 2007, excluding this operation from the comparatives, total sales for the Computing Division were up 1%.

UK Computing

UK Computing comprises PC World, DSGi Business and The TechGuys. PC World is the leader in its market and is having to adapt to a changing, and increasingly competitive, computing retail market. Technology change, digital products, convergence and connectivity in the home as well as customers' increasing need for service and support are driving PC World's move from selling computers to computing. The plans outlined on 15 May will ensure PC World is well positioned to capitalise on, and benefit from, these changing dynamics.

Total sales were down 1% at £1,818.7 million (2006/07 £1,846.3 million) with like for like sales down 5%. Underlying operating profit was £63.2 million (2006/07 £124.6 million).

PC World's profitability was materially impacted during the year by:

- Increased promotional activity as a result of the need to reduce laptop stocks in the first half;
- A higher mix of lower margin sales of hardware due to the strong demand for laptops;
- A reduction of higher margin non-hardware products in the sales mix as these products became more widely available; and
- The weaker consumer environment, particularly in the second half.

The plans announced on 15 May 2008 are designed to improve PC World's hardware and non-hardware performance by focusing on giving customers a unique offer of value, choice and service for computing related products. This includes helping customers with the complete solution for the technology they use and providing after sales services to ensure they get the most out of their technology.

Collect@store continues to engage customers and is proving to be a popular route to purchase. PC World continues to develop this proposition both online and in-store to increase attachment levels.

The TechGuys performed well in its first year, more than doubling sales. It is the UK's only truly national digital support service for UK homes. It employs 500 engineers, 1,500 call centre technicians, 40 product evaluation specialists and 450 in-store experts. The TechGuys service is a key part of the Group's offering to customers, with The TechGuys service desks now operational in all PC World stores. PC World is well placed to leverage the benefit of product and services being available together for customers in store. The Group remains excited about the prospects for The TechGuys, particularly as a significant differentiator for the specialist in the computing market.

DSGi Business sales were £397.0 million (2006/07 £407.3 million). It continued to perform in line with profit expectations with strong sales of desktops, laptops and software. New initiatives in customer

service, training and development have started to deliver benefits to customers with, for example, a significant improvement in next day customer fulfilment.

International Computing

PC City total sales were down 8% at constant exchange rates to £343.2 million (2006/07 £347.0 million). Excluding the PC City France operations, total sales were up 8%. The product trends across mainland Europe were similar to those in the UK, with laptops and flat panel televisions selling well. Underlying investment operating losses were £(12.0) million (2006/07 £(28.2) million).

PC City in Spain was profitable in the year, but has been impacted, particularly in the second half, by a significant slowdown in the economy.

As part of the Group's renewal and transformation plans it has been decided that the best way to deliver value to shareholders is to integrate the operations of PC City in Italy and Sweden into the existing specialist electrical operations of UniEuro and Elkjøp respectively. It is expected that this will be completed during the first half of the new financial year.

E-COMMERCE DIVISION

This division comprises Dixons.co.uk and PIXmania.com (this excludes internet sales through the internet brands). Total sales for the e-commerce division were £652.3 million (2006/07 £451.3 million). Underlying operating profit was £7.5 million (2006/07 £1.2 million).

Dixons.co.uk experienced strong sales growth of 65% in its second full year as a pure-play e-tailer. It has gone from strength to strength as it continues to widen its appeal and customer base through the addition of more categories to the core proposition of electricals such as white goods as well as growing ranges of non-electrical products.

PIXmania continues to grow strongly, consolidating its leading position as Europe's largest online specialist electrical retailer. Key growth has come from products introduced since becoming part of the Group, particularly flat panel televisions and computing. Sales of its traditional product set, such as digital imaging, have performed less well, in line with these markets. Integrating PIXmania's systems more fully into the Group will enable it to exploit the Groups logistics infrastructure improving the range of products available to customers in local markets.

In addition the Group will transfer existing internet operations of Dixons.co.uk and the multi-channel brands on to PIXmania's platforms. These systems provide an enriched customer experience as well as more powerful tools to improve accessibility, brand awareness and cash margins.

RENEWAL AND TRANSFORMATION

Five point plan

On 15 May 2008, the Group announced details of the five point plan for the renewal and transformation of the Group. A number of initiatives are well underway.

1. Focus on the customer.

DSGi must deliver an unbeatable combination of choice, value and service to customers.

This will be done through the following actions in store:

- improving ranges across all brands giving customers greater and clearer choices of good, better, best products and delivering these at great prices;
- delivering a superior customer experience by helping customers choose the product or service that is right for their needs together with the appropriate accessories to provide them with the complete solution. The Group already has the skills in this area, for example in the Nordics;
- improving the stores by making them easier to navigate, providing greater display and interactivity of products. PC World has opened initial trial stores where aisles have been straightened to ease navigation and products are displayed in a way that makes it easier for customers to experience the features and benefits of products. Further new format stores in PC World and trial Currys stores are being opened in time for Christmas 2008;
- improving the services offered to customers, not just in store at point of sale, but after sales through delivery, installation, help and support. The TechGuys will be an important and leading part of this as it exploits its skills and knowledge bank to improve services for customers;
- training and incentives are being improved for all store colleagues. It is expected that 24,000 store colleagues in the UK will be trained in the selling process currently used in the Nordics in time for Christmas 2008; and
- new incentive and pay schemes to drive improvements in customer service are being implemented as new store formats are rolled out.

2. Focus the portfolio on winning positions.

The Group's immediate focus is on the potential of the strong market leading retail operations in the UK & Ireland, Nordics, Greece and over the internet.

The businesses in Nordics and Greece are successful operators in their markets and the focus is on consolidating those positions and further improving the customer proposition.

The operations in the UK: Currys, Currys.digital and PC World are being re-invigorated with the key principles of the five point plan.

The operations in Italy require a significant turnaround and the new management team there have made good progress in identifying the issues and actions that need to be addressed.

3. Transform the businesses.

The initial focus for renewal and transformation will be in the UK and Italy where there is the greatest potential to serve customers better and improve value for shareholders. The ranges in each category are being improved to provide better and simpler choices for customers. Store formats are being improved to provide easier navigation, improved display and greater interactivity with products for customers. Trials will be in place for Christmas 2008, with intended roll out across the UK businesses thereafter. These formats include reallocation of space to provide the right mix of products that customers want from the stores as well as increasing overall densities.

PC World is being reinvigorated as the destination for computing and new technology digital products and services. A new store format has been developed and is currently being trialled with plans to refit at least 10% of the stores in the portfolio in time for Christmas 2008.

Currys is reinvigorating its position as the destination for electrical products for everyone by offering an unbeatable range of products and services at great prices. A new store format has been developed with several stores to be trialled through Christmas 2008.

Currys.digital is focusing on becoming the High Street destination for the latest portable technology. White goods, small kitchen appliances and personal care products are being replaced by a greater range of laptops, televisions and other digital products and a much greater depth of accessories. While the majority of the 177 Currys.digital stores make a positive contribution to the Group there are up to 100 stores in attractive catchments that will

most likely be the focus for future trading. The remaining stores will be closed as their leases expire. The average high street lease has 4-5 years to run to expiry.

In Italy, the new management team have identified the key issues and created a credible turnaround plan. Changes are under way already and they have already announced a rationalisation of the portfolio with the planned closure of up to 43 stores that were uneconomic or poorly located, they are also changing the marketing activities and improving in-store product availability.

PC City in Italy and Sweden will be integrated into the operations of UniEuro and Elkjop respectively. In Italy stand alone PC City stores will be closed as part of the store rationalisation plan. A trial of a PC City store within a large UniEuro store has been opened and initial results are encouraging. Further trials will be undertaken during the year.

4. Win in the internet market.

DSGi is already the number one electrical retailer on the internet in Europe with over £1 billion of sales achieved in the year. The internet market is expected to grow to around 30% of the electricals market over the next few years, through a combination of pure-play and multi-channel. PIXmania's market leading operating platform will be implemented in all the Group's internet sites. In addition PIXmania will be integrated into the logistics infrastructure of the Group.

As customers continue to favour trusted brands and the convenience of the store proposition combined with the immediacy of collecting products ordered over the internet in store, the Group expects that multi-channel will continue to comprise at least a half of the total internet sales going forward. A large proportion of this is likely to be reserved online for collection at store. Operations in the UK, Nordics and Greece will be making further enhancements to their reserve and collect facilities over the new financial year.

5. Reduce costs.

Both the One Group and Step Change programmes make the business processes better for customers, easier for staff and therefore cheaper for the Group. The existing One Group programme is establishing a common operating model for the Group and will consequently reduce costs significantly. The programme is designed to simplify business processes, improve systems and decision making. One set of business processes will make it easier to improve operations more quickly across the Group.

The introduction of a Step Change programme is expected to remove £50 million of costs. Initial focus will be on removing duplication and creating efficient structures in the head office, the supply chain and in stock management. Savings from this programme will largely be re-invested back into the stores to enable the Group to deliver on the needs of its customers better.

FINANCIAL POSITION

The Group delivered underlying profit before tax of £205.3 million (2006/07 £295.1 million) and underlying profit before property profits or losses, net finance income and tax of £201.6 million (2006/07 £264.9 million). Underlying diluted earnings per share reduced 28% to 7.8 pence. After taking account of non-underlying adjustments, total Group loss before tax was £(192.8) million (2006/07 profit £114.1 million).

ADJUSTMENTS TO UNDERLYING RESULTS

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
(Loss) / profit before tax	(192.8)	114.1
Add back non underlying items:		
Business impairment charges relating to Italian operations	341.3	115.1
Strategic reorganisation	29.5	-
Other business impairment charges	27.2	-
Distribution network transformation	(6.7)	17.0
PC City France closure	(2.1)	38.4
Amortisation of acquired intangibles	4.4	4.7
Effect of changes in pension benefits	-	(4.7)
	393.6	170.5
Add back non underlying financing items:		
Profit on sale of investments	(1.7)	-
Net fair value remeasurements	6.2	10.5
	4.5	10.5
Net charges to add back	398.1	181.0
Underlying profit before tax	205.3	295.1

Underlying profit before tax is reported before one off net operating costs of £393.6 million and non-underlying financing charges of £4.5 million. A further explanation of these charges is explained below:

- £341.3 million relating to the impairment of the Italian operations. The main constituent of the charge is the impairment of goodwill of £246.2 million which leaves £129.0 million remaining on the balance sheet. Other charges comprise the impairment of fixed assets and inventory of £20.1 million and £10.1 million, respectively, together with provisions for onerous lease commitments of £51.9 million and other charges of £13.0 million.
- Strategic reorganisation costs of £29.5 million relate to the UK business transformation and mainly comprises asset impairments associated with the reformat of the UK store portfolio.
- £27.2 million of other business impairment charges which relate to impairments of businesses and assets outside of the UK and Italy.
- Distribution network income of £6.7 million relates to the final part of the re-organisation of the UK distribution model. The income comprises a profit of £12.3 million generated on the sale of the Group's former main UK warehouse site in Stevenage offset by further onerous lease charges on vacant distribution centre properties reflecting the difficult property market.
- PC City France non-underlying income of £2.1 million, reflecting a positive variance against the expected costs of closure provided against in 2006/07.
- £4.4 million amortisation of acquired intangibles which predominantly comprise brand names.
- The financing charge of £4.5 million comprises a gain of £1.7 million on the sale of a small minority investment offset by £6.2 million relating to net fair value remeasurement losses on revaluation of financial instruments as required by IAS 32 and 39. The net charge is caused mainly by a £7.8 million re-valuation of a put option held by the minority shareholder of Kotsovolos, Furlis, who held 10% of the share capital at 3 May 2008. This revaluation represents an increase in the expected purchase price of this stake in Kotsovolos and is driven by a strong performance by Kotsovolos. As described above, on 24 May 2007, Furlis exercised an option to sell 10% of Kotsovolos such that the Group now owns 89% of this business.

FREE CASH FLOW

In the period Free Cash Flow generated was £83.3 million, compared with £164.2 million in the previous year.

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million	Change Year on Year £million
Underlying profit before tax	205.3	295.1	(89.8)
Depreciation & amortisation	138.3	138.6	(0.3)
Working capital	46.6	57.1	(10.5)
Working capital impact of pay-as-you-go customer support agreements	(41.0)	(67.3)	26.3
Taxation	(53.1)	(100.8)	47.7
Capital expenditure ⁽ⁱ⁾	(167.7)	(135.9)	(31.8)
Sale of freehold property ⁽ⁱⁱ⁾	41.5	51.9	(10.4)
Other cash items	(49.0)	(10.9)	(38.1)
Free Cash Flow before restructuring items	120.9	227.8	(106.9)
Net expenditure from the restructuring of distribution assets ⁽ⁱ⁾	(18.6)	(26.8)	8.2
Net restructuring and other one off items ⁽ⁱⁱ⁾	(19.0)	(36.8)	17.8
Free Cash Flow	83.3	164.2	(80.9)

(i) Capital expenditure excludes £7.1 million shown within the restructuring of distribution assets in the UK (2006/07 £31.1 million).

(ii) Sale of freehold property in the current period excludes £10.0 million relating to PC City France shown within Net restructuring.

Underlying working capital improvements in the period were £46.6 million (2006/07 £57.1 million), with the Group again achieving its target of zero average paid days stock across the year. The growth of the monthly pay-as-you-go customer support agreements proposition impacted working capital by £41.0 million (2006/07 £67.3 million).

Capital expenditure was £167.7 million (2006/07 £135.9 million), up £31.8 million driven by investment in store openings in Turkey (£7.1m) and the One Group programme (£15.9m). Cash generated from the sale of freehold property was £41.5 million (2006/07 £51.9 million).

Other spend of £49.0 million includes an £8.1 million offset to net pension fund interest income (which is non cash in nature), and £29.5 million of revaluation settlements due to movements in foreign exchange and interest rates. This is partly offset by the net funds currency revaluation of £14.8 million as noted below.

FUNDING

Net funds

At 3 May 2008 the Group had net funds of £50.1 million, compared with net funds of £224.9 million in the previous year. The Group's available net (borrowings)/funds exclude restricted funds of £66.5 million (2006/07 £111.2 million) which predominantly comprise funds held under trust for customer support agreement liabilities.

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Opening net funds	224.9	439.6
Free Cash Flow	83.3	164.2
Dividends	(160.8)	(157.5)
Share buy back programme	(100.0)	-
Acquisitions & disposals	(19.7)	(199.8)
Special pension contribution	-	(50.0)
Other items	22.4	28.4
Other movements in net funds	(258.1)	(378.9)
Closing net funds	50.1	224.9
Less: Restricted Funds	(66.5)	(111.2)
Available net (borrowings) / funds	(16.4)	113.7

Movements in net funds include £160.8 million dividend payments, £100.0 million from the share buy-back programme initiated and completed during the period, and £19.7 million representing the net cash impact of acquisitions for which the principal component was a £15.6 million payment for a further 10% shareholding in Kotsovolos. Other items include a £14.8 million benefit from the revaluation of net funds held in foreign currencies.

Available funds and investments

As at 3 May 2008 the Group had the following funding arrangements and available headroom:

	£million
Closing Net Funds	50.1
2012 Bond	294.6
Finance Leases	100.8
Less: Restricted Funds	(66.5)
Available cash and investments⁽ⁱ⁾	379.0
Available undrawn committed borrowing facility ⁽ⁱⁱ⁾	400.0
Funding headroom at 3 May 2008	779.0

(i) Cash and cash equivalents plus short term investments less overdrafts, short term borrowings and restricted funds.

(ii) Expires October 2011.

The Board believes that the Group has sufficient funds available to deliver the renewal and transformation plan.

DIVIDENDS

The Board has reviewed the level of dividend in light of the Group's current performance, the renewal and transformation plan and the outlook for the consumer environment. As a result the Directors propose to pay a final dividend of 3.43 pence (2006/07 6.85 pence) making a total for the year of 5.45 pence (8.87 pence relating to the 52 weeks ended 28 April 2007). The Board believes that the Group should have an objective of rebuilding dividend cover to 2.0 times underlying earnings. Once this objective has been achieved the Board considers that the Group should grow dividends in line with earnings.

TAX

The Group's tax rate on underlying profit was 30.7% (2006/07 30.0%). The increase in the tax rate reflects non-recognition of tax benefits arising from loss making businesses.

COST SAVINGS

In the period, the Group delivered £30 million of cost savings from a number of areas across the business including outsourcing of IS services and reorganisation of the Group's logistics infrastructure. The introduction of a Step Change programme discussed on 15 May will remove £50 million of costs commencing in 2008/09. Initial focus will be on removing duplication and creating efficient structures in the head office, the supply chain and in stock management. Savings from this programme will largely be re-invested back into the stores to enable the Group to deliver on the needs of its customers better.

PENSIONS

At 3 May 2008, excluding deferred tax benefits, the IAS 19 accounting deficit of the UK defined benefit pension scheme amounted to £51.0 million (28 April 2007 £38.4 million). Including deferred tax benefits the deficit amounted to £29.9 million (28 April 2007 £17.0 million). During the period, the triennial actuarial valuation of the Group's pension scheme was completed and showed the deficit as at 5 April 2007 to be £61.0 million. Over the last three years, the Group has been implementing a programme of changes to pension arrangements in order to address the deficit over the longer term which have included the gradual increase in the Group contribution rate and the change of benefits to operate on a career average earnings basis rather than 'final salary' for future service. The remedy agreed by the Group to address this deficit is for the Group to make annual cash contributions to the scheme of £12 million for the next five years. This will be paid in two equal tranches of £6 million in June and December each year.

The charge to operating profit for the scheme was £9.3 million (2006/07 £11.8 million, including the one off benefit of £4.7 million relating to the change in legislation concerning lump sum payments allowed on retirement). Also included in the income statement is a net financing income of £8.1 million (2006/07 £4.5 million) which represents the expected return on assets of the scheme, based on market conditions prevailing at the start of the financial period, offset by the unwinding of the discount applied to the liabilities of the scheme. The defined benefit section of the UK pension scheme was closed to new entrants on 1 September 2002.

- ENDS -

Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 7TG

John Browett
Chief Executive
26 June 2008

Report and Accounts publication date	31 July 2008
Ex dividend date for final dividend	13 August 2008
Record date for final dividend	15 August 2008
Annual General Meeting	3 September 2008
Proposed final dividend payment date	26 September 2008

Copies of the Report and Accounts will be available from the Company Secretary at the above address and on the Group's website at <http://www.dsgiplc.com>

CONSOLIDATED INCOME STATEMENT

53 weeks ended 3 May 2008					52 weeks ended 28 April 2007		
	Note	Underlying* £million	Non- underlying* £million	Total £million	Underlying* £million	Non- underlying* £million	Total £million
Continuing operations							
Revenue	2	8,545.9	-	8,545.9	7,929.7	-	7,929.7
(Loss) / profit from operations before associates		188.1	(393.6)	(205.5)	271.2	(170.5)	100.7
Share of post tax results of associates		6.2	-	6.2	2.4	-	2.4
Operating (loss) / profit	2	194.3	(393.6)	(199.3)	273.6	(170.5)	103.1
Profit on sale of investment		-	1.7	1.7	-	-	-
Finance income		93.9	11.8	105.7	94.5	12.7	107.2
Finance costs		(82.9)	(18.0)	(100.9)	(73.0)	(23.2)	(96.2)
Net finance income	4	11.0	(4.5)	6.5	21.5	(10.5)	11.0
(Loss) / profit before tax		205.3	(398.1)	(192.8)	295.1	(181.0)	114.1
Income tax expense	5	(63.0)	(3.0)	(66.0)	(88.5)	11.2	(77.3)
(Loss) / profit after tax – continuing operations		142.3	(401.1)	(258.8)	206.6	(169.8)	36.8
Loss after tax – discontinued operations		-	(0.9)	(0.9)	-	(34.4)	(34.4)
(Loss) / profit for the period		142.3	(402.0)	(259.7)	206.6	(204.2)	2.4
Attributable to:							
Equity shareholders of the parent company		141.2	(402.0)	(260.8)	203.0	(198.0)	5.0
Minority interests		1.1	-	1.1	3.6	(6.2)	(2.6)
		142.3	(402.0)	(259.7)	206.6	(204.2)	2.4
(Loss) / earnings per share (pence)	6						
Basic - total				(14.5)p			0.3p
Diluted - total				(14.4)p			0.3p
Basic - continuing operations				(14.4)p			1.8p
Diluted - continuing operations				(14.4)p			1.8p
Underlying earnings per share (pence)	1,6						
Basic - continuing operations		7.8p			11.1p		
Diluted - continuing operations		7.8p			10.9p		

* 'Underlying' profit and earnings per share measures exclude the impact of amortisation of acquired intangibles, net restructuring and business impairment charges and other one off items, profit on sale of investments, net fair value remeasurements of financial instruments and, where applicable, discontinued operations. Such items are described as 'Non-underlying'. Further information on these items is shown in notes 1, 3, 4, 5, and 6.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
(Loss) / profit for the period	(259.7)	2.4
Actuarial (losses) / gains on defined benefit pension scheme	(24.7)	45.7
Cash flow hedges		
Fair value remeasurement gains	4.7	7.9
Losses transferred to carrying amount of inventories	(11.5)	(3.1)
Gains / (losses) transferred to income statement	6.4	(5.4)
Net investment hedges		
Fair value remeasurement (losses) / gains	(125.3)	13.2
Investments		
Fair value remeasurement losses	(0.9)	(0.1)
Tax on items taken directly to equity	42.4	(18.1)
Currency translation movements	166.9	(24.5)
Net income recognised directly in equity	58.0	15.6
Total recognised income and expense for the period	(201.7)	18.0
Attributable to:		
Equity shareholders of the parent company	(205.2)	20.7
Minority interests	3.5	(2.7)
	(201.7)	18.0

CONSOLIDATED BALANCE SHEET

	3 May 2008 £million	28 April 2007 £million
Non current assets		
Goodwill	984.3	1,057.1
Intangible assets	143.9	127.7
Property, plant & equipment	531.3	580.6
Investments in associates	29.3	21.8
Trade and other receivables	49.8	40.2
Deferred tax assets	75.6	82.2
	1,814.2	1,909.6
Current assets		
Inventories	1,093.1	1,030.6
Trade and other receivables	442.9	393.3
Income tax receivable	58.8	16.6
Short term investments	82.0	185.9
Cash and cash equivalents	365.8	440.5
	2,042.6	2,066.9
Total assets	3,856.8	3,976.5
Current liabilities		
Bank overdrafts	(2.1)	(5.7)
Borrowings	(0.2)	(2.9)
Obligations under finance leases	(1.5)	(1.0)
Trade and other payables	(2,040.1)	(1,807.5)
Income tax payable	(30.0)	(19.6)
Provisions	(46.2)	(32.7)
	(2,120.1)	(1,869.4)
Net current (liabilities) / assets	(77.5)	197.5
Non-current liabilities		
Borrowings	(294.6)	(290.4)
Obligations under finance leases	(99.3)	(101.5)
Retirement benefit obligations	(51.0)	(38.4)
Other payables	(368.4)	(335.2)
Deferred tax liabilities	(18.8)	(18.9)
Provisions	(51.1)	(18.4)
	(883.2)	(802.8)
Total liabilities	(3,003.3)	(2,672.2)
Net assets	853.5	1,304.3
Capital and reserves		
Called up share capital	44.3	46.1
Share premium account	169.4	166.2
Other reserves	(502.9)	(420.8)
Retained earnings	1,115.9	1,490.2
Equity attributable to equity holders of the parent company	826.7	1,281.7
Equity minority interests	26.8	22.6
Total equity	853.5	1,304.3

The financial statements were approved by the directors on 26 June 2008 and signed on their behalf by:

John Browett
Chief Executive

Kevin O'Byrne
Group Finance Director

CONSOLIDATED CASH FLOW STATEMENT

	Note	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Operating activities – continuing operations			
Cash generated from operations	* 9	295.1	358.0
Special contribution to defined benefit pension scheme		-	(50.0)
Income tax paid	*	(53.1)	(100.8)
Net cash flows from operating activities		242.0	207.2
Investing activities – continuing operations			
Purchase of property, plant & equipment and other intangibles	*	(174.8)	(167.0)
Purchase of subsidiaries		(22.5)	(185.0)
Purchase of investment in associate		-	(16.8)
Sale of investment		1.7	-
Interest received	*	28.7	47.6
Decrease in short term investments		103.1	46.9
Disposals of property, plant & equipment and other intangibles	*	51.5	56.2
Dividend received from associate		2.3	-
Proceeds from sale of discontinued operations		1.1	33.8
Net cash flows from investing activities		(8.9)	(184.3)
Financing activities – continuing operations			
Issue of ordinary share capital		3.2	20.8
Purchase of own shares		(100.0)	-
Capital element of finance lease payments		(1.7)	(0.2)
Interest element of finance lease payments	*	(7.1)	(7.0)
Decrease in borrowings due within one year		(3.1)	(6.6)
Decrease in borrowings due after more than one year		(2.2)	(0.5)
Interest paid	*	(57.0)	(22.8)
Investment from minority shareholder		6.1	-
Equity dividends paid		(160.8)	(157.5)
Net cash flows from financing activities		(322.6)	(173.8)
(Decrease) / increase in cash and cash equivalents	(i)		
Continuing operations		(89.5)	(150.9)
Discontinued operations		3.3	(30.0)
		(86.2)	(180.9)
Cash and cash equivalents at beginning of period	(i) 9	434.8	617.5
Currency translation differences		15.1	(1.8)
Cash and cash equivalents at end of period	(i) 9	363.7	434.8
Free Cash Flow	(ii)	83.3	164.2

- (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 9.
- (ii) Free Cash Flow comprises those items marked * and comprises cash generated from continuing operations before special pension contributions, plus net finance income, 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.

NOTES TO THE FINANCIAL INFORMATION

1 Basis of preparation

The financial information, which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated cash flow statement and extracts from the notes to the accounts for 3 May 2008 and 28 April 2007, has been prepared in accordance with the accounting policies set out in the full financial statements.

The financial information set out in this announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and is an abridged version of the Group's financial statements for the 53 weeks ended 3 May 2008 which were approved by the directors on 26 June 2008. Statutory accounts for the 52 weeks ended 28 April 2007 have been delivered to the Registrar of Companies and those for the period ended 3 May 2008 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 237(2) or (3) of the Companies Act 1985.

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 1985 applicable to those companies reporting under IFRS.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the 53 weeks ended 3 May 2008. Comparative figures are for the 52 weeks ended 28 April 2007.

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 amortisation of acquired intangibles, net restructuring and business impairment charges and other one off items, profit on sale of investments, fair value remeasurements of financial instruments and, where applicable, discontinued operations. These measures are not recognised profit measures under IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies.

2 Segmental analysis

The Group is managed and reported according to three operating divisions: Computing, Electricals and e-commerce.

These divisions are the basis on which the Group reports its primary segmental information. The principal activities of each division are as follows:

- The Computing division is engaged in the retail and business to business sale of computer hardware and software, associated peripherals and services and related financial and after-sales services. The division operates in the UK and Southern Europe (which also includes the small Nordic operations). Results for 2006/07 include the activities of the Group's store based operations in France, which the Group announced its withdrawal from in that financial year. Any closure costs arising in 2007/08 have been categorised as non-underlying.
- The Electricals division is engaged in the retail sale of high technology consumer electronics, domestic appliances, photographic equipment and related financial and after-sales services. The division operates in the UK, Ireland, the Nordic region, Southern Europe and Central Europe.
- The e-commerce division is engaged in the on-line retail sale of high technology consumer electronics, domestic appliances, photographic equipment and related financial and after-sales services. The division operates in the UK, Ireland, the Nordic region, Southern Europe and Central Europe.

During the period management responsibility for a small business service related part of the business was transferred from the Computing division to the Electricals division. Comparative figures have been restated to reflect this change in responsibility.

Corporate centre & shared services assets and liabilities comprise mainly freehold land and buildings, investments, cash and cash equivalents, borrowings, net retirement benefit obligations, intersegment adjustments and eliminations and related tax assets and liabilities. The Income Statement for Corporate centre & shared services includes intersegment eliminations.

The Group's secondary reporting segments are geographical and comprise four territories: the UK & Ireland, the Nordic region, Southern Europe and Central Europe. There were no material exports from the locations in which the Group operates.

NOTES TO THE FINANCIAL INFORMATION - continued

2 Segmental analysis - continued

Primary segments – Business

53 weeks ended 3 May 2008					
	Computing £million	Electricals £million	e-commerce £million	Corporate centre & shared services £million	Total £million
a) Income statement – continuing operations					
External revenue	2,161.9	5,731.7	652.3	-	8,545.9
Intersegmental revenue	5.9	35.7	1.9	(43.5)	-
Total	2,167.8	5,767.4	654.2	(43.5)	8,545.9
Underlying operating profit / (loss) before associates	51.2	161.1	7.5	(31.7)	188.1
Share of post tax result of associates	-	6.2	-	-	6.2
Underlying operating profit / (loss)	51.2	167.3	7.5	(31.7)	194.3
Amortisation of acquired intangibles	(0.5)	(1.1)	(2.8)	-	(4.4)
Net restructuring charges	(6.5)	(3.8)	-	(10.4)	(20.7)
Business impairment charges - asset impairment	(12.1)	(286.1)	-	-	(298.2)
- other	(21.2)	(49.1)	-	-	(70.3)
Net restructuring and impairment charges	(39.8)	(339.0)	-	(10.4)	(389.2)
Operating profit / (loss)	10.9	(172.8)	4.7	(42.1)	(199.3)
Less: Share of post tax result of associates	-	(6.2)	-	-	(6.2)
Segment result	10.9	(179.0)	4.7	(42.1)	(205.5)

Underlying operating profit is stated after recognising net property losses of £7.3 million in Corporate centre and shared services.

52 weeks ended 28 April 2007					
	Computing £million	Electricals £million	e-commerce £million	Corporate centre & shared services £million	Total £million
a) Income statement – continuing operations					
External revenue	2,193.3	5,285.0	451.3	0.1	7,929.7
Intersegmental revenue	1.3	14.9	1.3	(17.5)	-
Total	2,194.6	5,299.9	452.6	(17.4)	7,929.7
Underlying operating profit / (loss) before associates	96.4	190.6	1.2	(17.0)	271.2
Share of post tax result of associates	-	2.4	-	-	2.4
Underlying operating profit / (loss)	96.4	193.0	1.2	(17.0)	273.6
Amortisation of acquired intangibles	(1.4)	(1.0)	(2.3)	-	(4.7)
Net restructuring charges	(38.4)	(17.0)	-	-	(55.4)
Business impairment charges - asset impairment	-	(103.1)	-	-	(103.1)
- other	-	(12.0)	-	-	(12.0)
Net restructuring and impairment charges	(38.4)	(132.1)	-	-	(170.5)
Effect of changes in pension benefits	1.4	2.4	-	0.9	4.7
Operating profit / (loss)	58.0	62.3	(1.1)	(16.1)	103.1
Less: Share of post tax result of associates	-	(2.4)	-	-	(2.4)
Segment result	58.0	59.9	(1.1)	(16.1)	100.7

Underlying operating profit is stated after recognising net property profits of £8.7 million in Corporate centre and shared services.

2 Segmental analysis - continued

Secondary segments – Geographical

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Revenue - continuing operations		
UK & Ireland	4,969.3	4,790.3
Nordic	1,606.0	1,442.5
Southern Europe	1,682.8	1,492.7
Central Europe	287.8	204.1
Corporate centre & shared services	-	0.1
Total	8,545.9	7,929.7

3 Non-underlying items

	Note	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Included in operating profit:			
Amortisation of acquired intangibles		(4.4)	(4.7)
Net restructuring and business impairment charges	(i)	(389.2)	(170.5)
Effect of change in pension benefits	(ii)	-	4.7
		(393.6)	(170.5)
Included in net finance income:			
Profit on sale of investments	(iii)	1.7	-
Net fair value remeasurements on financial instruments	(iv)	(6.2)	(10.5)
		(4.5)	(10.5)
Total		(398.1)	(181.0)

(i) Net restructuring and business impairment charges comprise the following:

Net restructuring charges

	Property disposal gains £million	Property (charges) / credit £million	Asset impairments £million	Other charges £million	Total £million
53 weeks ended 3 May 2008					
Strategic reorganisation	-	(0.7)	(21.8)	(7.0)	(29.5)
Distribution network transformation	12.3	(5.6)	-	-	6.7
PC City France closure	3.3	2.1	-	(3.3)	2.1
	15.6	(4.2)	(21.8)	(10.3)	(20.7)
52 weeks ended 28 April 2007					
Distribution network transformation	4.4	(6.3)	(3.0)	(12.1)	(17.0)
PC City France closure	-	(5.5)	(19.4)	(13.5)	(38.4)
	4.4	(11.8)	(22.4)	(25.6)	(55.4)

Business impairment charges

	Goodwill impairment £million	Other asset impairment £million	Property charges £million	Other charges £million	Total £million
53 weeks ended 3 May 2008					
Italian business	(246.2)	(30.2)	(51.9)	(13.0)	(341.3)
Other businesses	(15.7)	(6.1)	(5.4)	-	(27.2)
	(261.9)	(36.3)	(57.3)	(13.0)	(368.5)
52 weeks ended 28 April 2007					
Italian business	(98.1)	(5.0)	(12.0)	-	(115.1)

NOTES TO THE FINANCIAL INFORMATION - continued

3 Non-underlying items - continued

Property charges comprise onerous lease costs. Asset impairments relate to intangible assets and items of property, plant & equipment which are to be eliminated from the business over a shorter period than their current useful expected lives and inventories. Impairments relating to intangible assets and property, plant & equipment comprise a combination of asset write offs and incremental accelerated depreciation charges associated with the economic useful life of these assets being shortened and for which incremental charges of £17.7 million are expected to be spread over the next two financial periods. Other charges predominantly comprise employee severance (2006/07 also included certain incremental transition costs).

The Italian business impairment relates to UniEuro S.p.A. (UniEuro). Goodwill is discussed further in note 9. Other asset impairments comprise other intangible assets, property, plant & equipment and inventory. Such impairments relate to assets in individual under performing stores connected with impairment reviews of the relevant businesses and for which either stores have been deemed impaired or are to be closed. Other charges relate predominantly to employee severance.

- (ii) Effect of changes in pension benefits: 2006/07 related to the change in benefits accruing to members of the UK defined benefit pension scheme following changes in legislation concerning lump sums allowed on retirement (commutations).
- (iii) Profit on sale of investments: Relates to the sale of a small minority shareholding which had been held at £nil in the Balance Sheet.
- (iv) 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 is prepared). Also included within this amount are remeasurement losses relating to put options predominantly held by minority shareholders. 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.

4 Net finance income

		53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Profit on sale of investments	*	1.7	-
Bank and other interest receivable		45.7	51.7
Expected return on pension scheme assets		48.2	42.8
Fair value remeasurement gains on financial instruments	*	11.8	12.7
Finance income		105.7	107.2
6.125% Guaranteed Bonds 2012 interest and related charges		(18.7)	(18.6)
Bank loans, overdrafts and other interest payable		(17.0)	(9.1)
Finance lease interest payable		(7.1)	(7.0)
Interest on pension scheme liabilities		(40.1)	(38.3)
Fair value remeasurement losses on financial instruments	*	(18.0)	(23.2)
Finance costs		(100.9)	(96.2)
Total net finance income – continuing operations		6.5	11.0
Underlying total net finance income – continuing operations		11.0	21.5

- (i) Underlying total net finance income excludes items marked *. See note 3 for a description of such items.

NOTES TO THE FINANCIAL INFORMATION - continued

5 Taxation

Income tax expense

	Note	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Current tax			
UK corporation tax at 29.84% (2006/07 30%)	(i)	(0.2)	31.5
Credit in respect of non-underlying items	*	(3.6)	(9.1)
		(3.8)	22.4
Double tax relief		(0.1)	-
		(3.9)	22.4
Overseas taxation		33.1	23.7
Adjustment in respect of earlier periods:			
UK corporation tax		(16.1)	(16.5)
Overseas taxation		2.9	0.8
		16.0	30.4
Deferred tax:			
Current period		29.6	32.1
Charge / (credit) in respect of non-underlying items	*	6.6	(2.1)
Adjustment in respect of earlier periods:			
UK corporation tax		9.3	10.4
Overseas taxation		4.5	6.5
		50.0	46.9
Income tax expense – continuing operations		66.0	77.3
Underlying income tax expense – continuing operations		63.0	88.5

Underlying income tax expense excludes those items marked *. See note 3 for a description of such items.

(i) The UK corporation tax rate for the period was 30% for the period up to 31 March 2008 and 28% thereafter.

The effective tax rate on underlying earnings of 31% (2006/07 30%) is expected to fall in future periods due to decreases in effective UK and overseas tax rates.

NOTES TO THE FINANCIAL INFORMATION - continued

6 Earnings / (loss) per share

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Basic and diluted (loss) / earnings		
Total (continuing and discontinued operations)	(260.8)	5.0
Discontinued operations	0.9	34.4
- loss after tax	-	(6.2)
- minority interests		
Continuing operations	(259.9)	33.2
Adjustments		
Amortisation of acquired intangibles	4.4	4.7
Net restructuring and business impairment charges	389.2	170.5
Profit on sale of investment	(1.7)	-
Effect of change in pension benefits	-	(4.7)
Net fair value remeasurements of financial instruments	6.2	10.5
	398.1	181.0
Tax on adjustments	3.0	(11.2)
Total adjustments (net of taxation)	401.1	169.8
Underlying basic and diluted earnings	141.2	203.0
	Million	Million
Basic weighted average number of shares	1,799.8	1,836.7
Employee share option and ownership schemes	5.8	19.1
Diluted weighted average number of shares	1,805.6	1,855.8
	Pence	Pence
Basic (loss) / earnings per share		
Total (continuing and discontinued operations)	(14.5)	0.3
Discontinued operations	0.1	1.5
Continuing operations	(14.4)	1.8
Adjustments (net of taxation)	22.2	9.3
Underlying basic earnings per share	7.8	11.1
Diluted (loss) / earnings per share		
Total (continuing and discontinued operations)	(14.4)	0.3
Discontinued operations	-	1.5
Continuing operations	(14.4)	1.8
Adjustments (net of taxation)	22.2	9.1
Underlying diluted earnings per share	7.8	10.9

Basic and diluted earnings per share are based on the profit / (loss) 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 further described in note 3.

NOTES TO THE FINANCIAL INFORMATION - continued

7 Reconciliation of movements in equity

	Share capital £million	Share premium account £million	Other reserves £million	Retained earnings £million	Sub total £million	Minority interests £million	Total equity £million
At 30 April 2006	45.6	145.9	26.1	1,196.8	1,414.4	9.3	1,423.7
Total recognised income and expense for the period	-	-	8.7	12.0	20.7	(2.7)	18.0
Equity dividends paid	-	-	-	(157.0)	(157.0)	-	(157.0)
Minority interests - acquisitions	-	-	-	-	-	11.7	11.7
- disposals	-	-	-	-	-	(16.5)	(16.5)
Transfers	-	-	(455.6)	434.8	(20.8)	20.8	-
Share based payments	-	-	-	0.6	0.6	-	0.6
Tax on share based payments	-	-	-	3.0	3.0	-	3.0
Ordinary shares issued - employee options	0.5	20.3	-	-	20.8	-	20.8
At 28 April 2007	46.1	166.2	(420.8)	1,490.2	1,281.7	22.6	1,304.3
Total recognised income and expense for the period	-	-	(91.1)	(114.1)	(205.2)	3.5	(201.7)
Equity dividends paid	-	-	-	(160.3)	(160.3)	-	(160.3)
Minority interests - acquisitions	-	-	-	-	-	(5.4)	(5.4)
- increase in capital	-	-	-	-	-	6.1	6.1
Transfers	-	-	(8.4)	8.4	-	-	-
Put option exercised	-	-	15.6	-	15.6	-	15.6
Share based payments	-	-	-	(2.6)	(2.6)	-	(2.6)
Tax on share based payments	-	-	-	(5.7)	(5.7)	-	(5.7)
Purchase and cancellation of own shares	(1.8)	-	1.8	(100.0)	(100.0)	-	(100.0)
Ordinary shares issued - employee options	-	3.2	-	-	3.2	-	3.2
At 3 May 2008	44.3	169.4	(502.9)	1,115.9	826.7	26.8	853.5

Minority interests for 2007/08 comprise shareholdings in DSG South East Europe AVEE (Kotsovolos), FotoVista and Electroworld İç ve Dis Ticaret AS (ElectroWorld Turkey) (2006/07 comprised shareholdings in P Kotsovolos S.A (Kotsovolos) and FotoVista). Included in other reserves is a reduction of £15.6 million which relates to the exercise on 24 May 2007 of a put option held by Fourlis Holding SA, the main minority shareholders of Kotsovolos, whereby the Group acquired a further 10% for this amount increasing its stake from 79.1% to 89.1%. Transfers between retained earnings and other reserves of £8.4 million (2006/07 £9.3 million) relate to the fair value remeasurements of put options predominantly held by a minority shareholder.

In 2006/07, a transfer of £425.5 million between other reserves and retained earnings was made. This relates to amounts within capital reserves which were reclassified as available for distribution. A transfer of £20.8 million was made between minority interests and other reserves to better classify the initial valuation of a put option held by a minority shareholder.

8 Dividends paid and proposed

	per share	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Amounts recognised as distributions to equity shareholders in the period			
- on ordinary shares of 2.5p each			
Final dividend for 2005/06	6.53p	-	119.8
Interim dividend for 2006/07	2.02p	-	37.2
Final dividend for 2006/07	6.85p	126.4	-
Interim dividend for 2007/08	2.02p	36.6	-
		163.0	157.0
Proposed final dividend for 2007/08	3.43p	60.8	-

At 3 May 2008, the proposed final dividend for 2007/08 is subject to approval by shareholders at the annual general meeting and, accordingly, has not been recognised as a liability in these financial statements.

NOTES TO THE FINANCIAL INFORMATION - continued

9 Notes to the cash flow statement

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

	53 weeks ended 3 May 2008 £million	52 weeks ended 28 April 2007 £million
Operating (loss) / profit	(194.9)	97.4
Operating (profit) / loss – discontinued operations	(4.4)	5.7
Operating (loss) / profit – continuing operations	(199.3)	103.1
Amortisation of acquired intangibles	4.4	4.7
Amortisation of other intangibles	25.4	24.1
Depreciation	112.9	109.8
Share based payment (credit) / charge	(4.4)	2.8
Share of post tax results of associates	(6.2)	(2.4)
Loss / (profit) on disposal of property, plant & equipment	8.1	(7.6)
Profit on disposal of property, plant & equipment arising from restructuring	(15.6)	(4.4)
Additions to non-underlying - provisions	81.5	49.4
- impairment and accelerated depreciation / amortisation	319.9	125.5
Utilisation of non-underlying provisions	(37.2)	(36.8)
Operating cash flows before movements in working capital	289.5	368.2
Movements in working capital:		
Increase in inventories	(2.1)	(164.2)
Increase in trade and other receivables	(8.1)	(11.9)
Increase in trade and other payables	15.8	165.9
	5.6	(10.2)
Cash generated from operations – continuing operations	295.1	358.0

(b) Analysis of net funds

	29 April 2007 £million	Cash flow £million	Other non-cash movements £million	Currency translation £million	3 May 2008 £million
Cash and cash equivalents (i)	440.5	(89.8)	-	15.1	365.8
Bank overdrafts	(5.7)	3.6	-	-	(2.1)
	434.8	(86.2)	-	15.1	363.7
Short term investments	185.9	(103.1)	(1.2)	0.4	82.0
Borrowings due within one year	(2.9)	3.1	-	(0.4)	(0.2)
Borrowings due after more than one year	(290.4)	2.2	(6.1)	(0.3)	(294.6)
Obligations under finance leases	(102.5)	1.7	-	-	(100.8)
	(395.8)	7.0	(6.1)	(0.7)	(395.6)
Net funds	224.9	(182.3)	(7.3)	14.8	50.1

Restricted funds, which predominantly comprise funds held under trust to fund customer support agreements were £66.5 million (28 April 2007 £111.2 million). Net borrowings excluding amounts held under trust to fund customer support agreements totalled £16.4 million (28 April 2007 net funds of £113.7 million).

- (i) Cash and cash equivalents are represented 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 represented on the consolidated balance sheet as cash and cash equivalents, less bank overdrafts (which are disclosed separately on the consolidated balance sheet).

ADDITIONAL INFORMATION

Retail Store data

	Number of stores		Selling space '000 sq ft	
	3 May 2008	28 April 2007	3 May 2008	28 April 2007
Computing				
PC World	160	157	2,528	2,505
The TechGuys	-	7	-	8
UK Computing	160	164	2,528	2,513
PC City Spain	38	29	589	491
PC City France	-	11	-	190
PC City Italy	16	10	240	166
PC City Sweden	9	9	152	152
International Computing	63	59	981	999
Total Computing	223	223	3,509	3,512
Electricals				
Currys *	537	535	5,052	4,966
Ireland **	30	28	303	281
UK & Ireland Electricals	567	563	5,355	5,247
Elkjøp – Norway	103	99	1,249	1,191
Elkjøp – Sweden	61	56	1,071	985
Elkjøp – Denmark	28	28	490	490
Elkjøp – Finland	70	62	882	786
Elkjøp – Iceland	3	3	32	32
Elkjøp – Islands	9	3	122	9
Nordic **	274	251	3,846	3,493
UniEuro **	185	153	2,821	2,505
Kotsovolos **	89	85	939	789
Electro World Turkey	5	-	186	-
Southern Europe	279	238	3,946	3,294
Electro World Hungary	9	7	299	239
Electro World Czech Republic	16	12	511	393
Electro World Poland	6	5	198	178
Central Europe	31	24	1,008	810
Total Electricals	1,151	1,076	14,155	12,844
Total Retail	1,374	1,299	17,664	16,356

* Comprises Currys, Currys.digital and Dixons Tax Free.

** Includes franchise stores.