

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20 SHARE CAPITAL

<b>Authorised:</b>		<b>2003</b>	<b>2002</b>
1,974,620,600	Ordinary shares of 5p each	£m	£m
		<b>98.7</b>	98.7
		<b>98.7</b>	98.7
<b>Allotted, called up and fully paid:</b>		<b>2003</b>	<b>2002</b>
200,175,132 (2002: 200,096,594)	Ordinary shares of 5p each	£m	£m
		<b>10.0</b>	10.0
		<b>10.0</b>	10.0

During the year 78,538 (2002: 96,216) ordinary shares were issued for cash in respect of options exercised under the Group's Sharesave and Executive Share Option schemes. The nominal value of these shares was £3,927 (2002: £4,811) and the consideration received was £193,375 (2002: £127,005).

A number of share option schemes have continued during the period. The New Look Group plc Sharesave schemes are open to all UK executive directors and employees. Exercise of the options is generally permitted within six months of the maturity date of the options.

Following approval at the 2002 Annual General Meeting, the New Look 2002 Executive Share Option Plan came into effect in July 2002. This scheme replaced the New Look Group plc Executive Share Option Scheme which was closed during the year. The exercise and expiry date and performance criteria of both schemes is set out in the Remuneration Report on pages 25 to 32.

The following options have been granted under these schemes for new share capital:

	<b>2003</b>		<b>2002</b>	
	<b>Executive share option scheme/plan Number</b>	<b>Sharesave scheme Number</b>	<b>Executive share option scheme Number</b>	<b>Sharesave scheme Number</b>
As at 31 March 2002	<b>4,342,274</b>	<b>1,987,188</b>	4,662,559	1,458,529
Granted	<b>3,439,642</b>	<b>405,240</b>	1,780,661	1,473,103
Exercised	<b>(4,773)</b>	<b>(73,765)</b>	-	(96,216)
Surrendered/lapsed	<b>(954,297)</b>	<b>(352,447)</b>	(2,100,946)	(848,228)
At 29 March 2003	<b>6,822,846</b>	<b>1,966,216</b>	4,342,274	1,987,188
		<b>29 March 2003</b>		30 March 2002
Number of shares		<b>8,789,062</b>		6,329,462
Price at which options are exercisable		<b>68p-262p</b>		68p-209p
Weighted average		<b>148p</b>		86p
Period during which options are exercisable		<b>Up to November 2012</b>		Up to January 2012

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21 SHARE PREMIUM AND OTHER RESERVES

	Share premium £m	Other reserves £m	Profit and loss £m
<b>Group</b>			
At 31 March 2002	76.9	62.7	(64.1)
Retained profit for the period	-	-	38.1
Arising on issue of shares	0.2	-	-
Exchange rate adjustment	-	-	1.2
At 29 March 2003	77.1	62.7	(24.8)
	Share premium £m	Other reserves £m	Profit and loss £m
<b>Company</b>			
At 31 March 2002	76.9	62.7	17.1
Retained profit for the period	-	-	3.0
Arising on issue of shares	0.2	-	-
At 29 March 2003	77.1	62.7	20.1

The cumulative amount of goodwill written off against reserves is £152.1m (2002: £152.1m). Other reserves are non-distributable and arose in connection with the maintenance of capital.

### 22 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2003 £m	2002 £m
Operating profit	<b>84.6</b>	63.7
Depreciation	<b>24.8</b>	20.8
Amortisation of goodwill	<b>0.4</b>	0.4
Loss on disposal of fixed assets	<b>1.5</b>	2.6
Rent free period and reverse premium amortisation	<b>(1.8)</b>	(1.9)
Provision against investments	-	(0.2)
Exchange rate adjustments	<b>0.4</b>	0.2
(Increase) decrease in stocks	<b>(2.6)</b>	0.2
(Increase) in debtors	<b>(1.6)</b>	(1.8)
(Decrease) increase in creditors	<b>(0.3)</b>	10.3
Cash flow from operating activities	<b>105.4</b>	94.3

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23 ANALYSIS OF CASH FLOWS

	2003 £m	2002 £m
<b>Returns on investments and servicing of finance</b>		
Interest paid	(1.7)	(1.7)
Interest element of finance lease payments	(0.2)	-
Interest received	2.1	0.8
	<b>0.2</b>	(0.9)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(37.5)	(20.2)
Disposal of tangible fixed assets	-	(0.5)
Reverse premium receipts	0.7	0.5
	<b>(36.8)</b>	(20.2)
<b>Acquisitions and disposals</b>		
Payment to acquire subsidiary undertaking	(0.9)	(0.9)
	<b>(0.9)</b>	(0.9)
<b>Financing</b>		
Proceeds of share issues	0.2	0.1
Increase in borrowings	5.3	-
Repayment of loans	(23.1)	(10.0)
(Repayments)/Receipts from finance leases	(0.6)	0.2
	<b>(18.2)</b>	(9.7)

### 24 ANALYSIS OF NET FUNDS (DEBT)

	Cash at bank £m	Short term deposits £m	Overdrafts £m	Bank loans £m	<b>Net funds (borrowings) £m</b>	Finance leases £m	<b>Total net funds (debt) £m</b>
At 31 March 2002	15.1	26.9	(0.5)	(28.8)	<b>12.7</b>	(1.0)	<b>11.7</b>
Cash flow	(0.8)	9.2	0.5	17.8	<b>26.7</b>	0.6	<b>27.3</b>
Exchange movements	-	-	-	(1.1)	<b>(1.1)</b>	(0.1)	<b>(1.2)</b>
Other non cash movements	-	-	-	-	-	(2.3)	<b>(2.3)</b>
At 29 March 2003	14.3	36.1	-	(12.1)	<b>38.3</b>	(2.8)	<b>35.5</b>
Represented in the following countries:							
UK	8.9	35.9	-	-	<b>44.8</b>	(1.6)	<b>43.2</b>
France	5.4	0.2	-	(12.1)	<b>(6.5)</b>	(1.2)	<b>(7.7)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 25 PENSIONS

New Look Group plc does not contribute to an occupational pension scheme for the benefit of all employees. The Group operates a defined contribution scheme for senior executives. Contributions were made to funded unapproved retirement benefit schemes (FURBS), personal pension plans, and single member occupational schemes. The total of contributions to these schemes was £0.4m (2002: £0.5m). At 29 March 2003 £8,605 (2002: £8,000) was outstanding in respect of contributions payable to personal pension schemes.

Employment legislation in France requires companies to make payments to employees upon their retirement. No actuarial valuation under FRS 17 has been undertaken in respect of these liabilities in the overseas subsidiaries as the directors consider that the impact is not material to the Group.

### 26 CONTINGENT LIABILITIES

The Company is party to a cross guarantee on the UK borrowing facilities of the Group, which amount to £55.0m (2002: £55.0m). At 29 March 2003 drawings under those facilities were £nil (2002: £20.5m).

### 27 RELATED PARTY TRANSACTIONS

The Group paid rent of £191,000 (2002: £191,000) to the Singh Property Partnership in which T Singh is a partner, under the terms of a lease for ancillary offices and warehouses. The lease, which expires on 31 March 2013, is subject to five-yearly, upward only, rent reviews to market value.

The Group paid rent of Euro 1.0m (£659,000) (2002: Euro 1.0m (£601,000)) under the terms of leases for offices and five shops in France, to various property companies in which E. Amzallag, C. Amzallag and D. Amzallag, directors of SAS Mim, a subsidiary company, have an interest. Additionally, under the terms of these leases deposits in respect of rent totalling Euro 0.2m (£144,000) were held.

SAS Mim made sales to SA Clara during the period of Euro 0.2m (£112,000) (2002: Euro 0.2m (£118,000)) at cost plus 16%. Parties related to E. Amzallag, C. Amzallag and D. Amzallag directors of SAS Mim, have interests in SA Clara. There was no balance outstanding at 29 March 2003 (2002: £nil).

During the period SAS Mim had dealings with Cohen, a law firm, incurring fees of Euro 40,000 (£26,000) (2002: Euro 24,000 (£15,000)). Parties related to E. Amzallag, C. Amzallag and D. Amzallag, directors of SAS Mim, have interests in Cohen. There was no balance outstanding at 29 March 2003 (2002: £nil).

D. Amzallag, a relative of E. Amzallag, C. Amzallag and D. Amzallag, directors of SAS Mim, assisted in the set-up of the company's internet site during 2002 for fees of Euro 11,000 (£7,000). There was no balance paid in the year, or outstanding at 29 March 2003 (30 March 2002: £nil).

## FIVE YEAR SUMMARY

### Consolidated profit and loss account

	Restated <sup>1</sup> 52 weeks ended 27 March 1999 £m	Restated <sup>1</sup> 52 weeks ended 25 March 2000 £m	Restated <sup>1</sup> 52 weeks ended 24 March 2001 £m	53 weeks ended 30 March 2002 £m	<b>52 weeks ended 29 March 2003 £m</b>
<b>Turnover</b>	366.9	418.7	469.8	585.4	<b>643.4</b>
<b>Operating profit</b>	44.3	48.1	31.6	63.7	<b>84.6</b>
Exceptional item	-	(1.1)	-	-	-
Interest payable less receivable	(3.1)	(0.3)	(1.0)	(1.4)	<b>0.6</b>
<b>Profit on ordinary activities before tax</b>	41.2	46.7	30.6	62.3	<b>85.2</b>
Tax on profit on ordinary activities	(14.4)	(15.4)	(10.5)	(20.5)	<b>(27.3)</b>
<b>Profit on ordinary activities after tax</b>	26.8	31.3	20.1	41.8	<b>57.9</b>
Earnings per ordinary share					
Basic	14.2p	15.7p	10.4p	19.8p	<b>27.9p</b>
Adjusted <sup>2</sup>	14.5p	16.2p	11.3p	18.2p	-

1 Prior year comparatives have been restated as a consequence of adopting FRS 19 'Deferred tax'. See Note 17 on pages 51 and 52.

2 Adjusted earnings per share for 2002 reflect the exclusion of the 53rd week. For other periods, adjustments have been made for reasons of comparison to exclude certain items of non recurring income or expense.