

23 million
visits to wilkinsonplus.com

visits to
the site
up 21%
16,000 SKUs
online

2,000 new
products
in catalogue

9,500 likes on
Facebook



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wilkinson
The home of family value

Phew!

What an amazing,
action-packed
year we've had

wilkinson
The home of family value

hello

It's been another extraordinary year at Wilkinsons! Over the past 12 months there has been so much going on, we can't mention everything, but over the coming pages, we've done our very best to squeeze in as much of 2011's news as we can. Of course all of our achievements are down to our team members, who've worked hard all year to deliver these results while living and breathing our Wilko values. Our people have helped shape our future, delivered great service, got behind some great charitable causes and pulled together through some difficult times. And, what's more, they've made it all fun! So, thanks to everyone, and here's to a great 2012.

What we've been up to

A summary of our year

February

Our leadership conference sees our top 1200 management team sharing the new vision and values that support our business ambitions. We'll be rolling these out during the year alongside our new Extraordinary You awards scheme.



2011

March

Work commences on Triton, the company-wide project looking at how we do things. Changes to how we buy, how we move and how we sell our products. These changes will set us up for the next 20 years.



April

We continue to become a truly multi-channel business with investment in fulfilment, range and proposition and the customer experience. We also experiment with social media to help deliver an extraordinary shopping experience, wherever and whenever our customers want it.



June

The cross-functional approach to the Pets relaunch sets the tone for all future category reviews. By getting everyone involved, we created amazing energy and passion, had a lot of fun and produced some brilliant, bright and modern products.



August

Our Woolwich store is affected by the London riots and is forced to close and reopen three times. Our West Ealing and Thamesmead stores also suffer damage and many more team members and stores were affected. As always, our team members' ability to handle a crisis and bounce back positively never fails to impress.



October

The launch of our premium range completes our three-tier own label offering. Each tier has clear criteria for its target customer, price proposition, quality requirements, packaging design principles, marketing strategy, trend, merchandising guidelines and competitor benchmarks.



2012

January

We launched the exciting new Garden range, making it easier for gardeners to find everything they need in-store and giving advice on growing anything from a simple flowering planter to a full vegetable patch.



July

Our brilliant charity work continues as we volunteer 6,100 hours and raise an amazing £1.1m for Age UK. This is more than twice the target amount set for us. This year, we're trying something different and supporting 28 charities local to our stores. Look out for more on that later.



September

Our great Christmas products, including our on-trend Gifting range, are launched and are a huge success with team members and customers alike. Look out this year for an even bigger, newer range.



November

The Engagement Survey ended and some great results were achieved with a 95% participation. Team members were spending their money from the first East Saving Scheme, which they helped set up.



December

In 2011/12 we opened 18 new big city and small town stores. This means we end the year with almost 6.5m sq ft of trading space, adding 300,000 sq ft and an extra 444 weeks of trading.

January

Introduction

Delivering 'extraordinary'

When we wrote to you last year, we talked about the launch of our new vision for Wilkinsons – a new vision for a new age of retailing which tells of our desire to continue to deliver 'Extraordinary everyday shopping in the heart of the community'.

Even in these recession-dominated times, whilst many are fleeing the High Streets of England, Scotland and Wales (some voluntarily but many not) we seek to continue to support and be a key part of the lifeblood of our local communities.

We have made great strides this year to shape our future and ensure we continue to be successful, competitive and relevant for many years to come. And we've seen some early successes in the move towards 'extraordinariness' in 2011.

Passionate about product

Customers continue to sit at the heart of our business. They are, and always will be, central to all our decisions. But this year we have moved product front and centre in our priorities too. Our in-store environments and our team members delight our customers every day, but product is what our customers buy and where we can offer our customers something they just can't buy elsewhere

We can offer items that aren't sold anywhere else – items 'exclusive' to Wilkinsons. These products may be unique because they're a bespoke design to us, have enhanced quality or carry unique benefits.

We have developed a major category review process as a systematic way of working through our entire shop floor to refresh, reinvigorate and reinvent our customer offer.

With each major category review, our customers see a major step change in product and quality, both for own label and branded goods. Quality is at the heart of every decision we make about our product range, whether that be quality of design, quality of manufacture or quality of packaging.

Our furry family members

We started by relaunching our Pets category and we are incredibly proud of it. In 2011, we relaunched Pets after working with suppliers to create a five-year vision. What we came up with was a

distinctly different approach that reinvigorated our own brand, upgraded our quality, brought in new sub-categories, and got the unique Wilko look, feel and personality across the category.

Our team members say they love it. Early indications from our customers look positive and we're seeing some early success in our sales.

Outdoor rooms

We also landed a Garden major category review in 2011. But 2011 was the year of lots of work going on in the background that we hope will bring success in 2012 and beyond.

Bang on Trend

We've strengthened our trend and new product development teams to put us ahead of the curve. They make sure we are always bang on trend (so our customers don't have to) and work hard to design unique own label products before our customers even know they want them. We're working with our own label suppliers in new ways to offer our customers better ranges and quality.

The power of three

Another product development in 2011 was the creation of our three own label tiers. In October, we introduced a premium own-brand range called Wilkinson – this sits on top of our entry-level Everyday Value and mid-tier Wilko ranges.

Our intention is to have an offer that may appear to be similar to leading retailers but at Wilko prices, especially in the home and kitchen categories. It's no coincidence that since the Wilkinson launch our top performing ranges have included Towels, Dinnerware and Bakeware.

Shop with us anytime, anywhere... anywhere...

But we also know that customer shopping habits are changing and most people now research online before making a purchase either online or in store. That's why our second biggest investment behind our stores is on making our business truly multichannel.

We know that it's not enough to have a separate website. Our whole shopping process has to be integrated so that customers can interact with us however

they wish. Whether that's researching in store or using our in-store order points to buy from our online ranges.

We made significant improvements on multichannel in 2011 and developed greater plans for 2012 and beyond. We know it's going to be another exciting few years.

Our central nervous and circulatory systems

There is a significant company-wide project to examine all our business processes and systems and to plan them holistically. As part of this project, we're scrutinising the way we do everything... how we buy, how we move and ultimately how we sell our product.

We're planning change now that will last for the next 20 years and that will allow us to be the extraordinary business we want to be. Getting this right will add value to the customer by releasing our potential through real and lasting efficiency.

New looks and makeovers

The remaining priorities for our business are about how we create extraordinary shopping experiences for our customers that sit around our products. Our rebranding and new store teams have done a phenomenal job in the last year.

Of our total 366 stores, 226 stores or 62% of the estate are now in the new brand. And we opened a staggering 18 new stores this year including Falkirk in Scotland, Tooting and Norwich.

Thank you

It just remains for us to thank everyone who has been involved over the last 12 months – our customers, shareholders, Board, EMT, management and team members, suppliers and partners. Our heartfelt thanks to all of you for your continued support!

*Karin Swann
Lisa Wilkinson*

Karin Swann & Lisa Wilkinson
Family non-executive Directors



Karin Swann
Family non-executive
Director



Lisa Wilkinson
Family non-executive
Director



Ian Ellis
Chief Financial Officer



Stuart Mitchell
Chief Executive Officer



Steve Sinclair
Non-executive Director



Opening doors

Taking extraordinary everyday shopping to the heart of our communities

During 2011 we continued our rebranding and new stores programmes, ending the year with almost 6.5m sq ft of trading space, having added 300,000 sq ft.

For the second year running we rebranded 80 stores, meaning that 2/3rds of our locations now have the new look.

As we headed into the Olympic year, it was fitting that our Stratford store marked the halfway point of our rebranding programme. We've now rebranded all stores close to Olympic locations, ahead of the opening ceremony.

We opened 18 new big city and small town stores in 2011/12.

Norwich, one of our biggest new stores, is spread over 37,000 sq ft and three trading floors.

Situated in central London, opposite a busy Tube station, our 11,500 sq ft store in Tooting is in a fantastic location. First-day takings far exceeded expectations and we even stayed open an extra hour to

meet demand. The store is slightly different to our typical locations, featuring more local ranging.

We have seven new stores already planned or opened in 2012/13, including Bicester, Devizes, Washington, Falmouth, Crawley, Pwllheli and Edmonton Green.

All our new stores will meet our new multi-channel requirements, with order and collection points playing a big part.

We're also planning a new trial store at Crawley in late summer with a strong community feel and a new space model and customer zones.

Putting energy into savings

- Despite adding new stores to the estate, our total electricity consumption fell in 2011/12. This was thanks to initiatives such as low-energy lighting, smart meter monitoring and automatic switch-off lights in unoccupied areas

- Water efficiency trials across 15 stores showed a 37% drop in water consumption
- We tried out a new waste segregation and recycling process in 33 stores. This will be rolled out across our whole estate during 2012

- We were awarded the Carbon Trust Standard in 2010 and will be seeking recertification in 2012.

"our stores weren't immune from the August riots. Woolwich was burned out and suffered water damage but a fantastic team effort and quick reactions from our taskforce meant we could reopen in just two weeks."

Ian Cutts – Head of Property

Better quality at great prices

Success in Wilkinson Asia's first full year of scaled-up operations in Hong Kong

Things just keep getting better for Wilkinson Asia. We now have 58 team members working in our Hong Kong-based product sourcing business and the team is an important part of our UK operations.

The business made great strides in 2011/12, improving performance in quality, costs and speed. On-time shipments also jumped from 89% to 96.3%. We hope to achieve over 98% in 2012.

During 2011, the team continued to improve quality across all products, working with suppliers to raise the bar for quality into 2012 and beyond. In all, they spent 6407 workdays on final random inspections and another 725 on re-inspections, across more than 5,000 Own Brand SKUs.

The team conducted 148 full factory audits to drive quality and social responsibility standards across our manufacturers.

In addition, the UK team worked with a third party to test improvements to the audit programme that will be rolled out this year.

Suppliers were also invited to the Wilkinson Asia conference in March to learn our plans for the future and the role they'll play in achieving our ambitions.

Head of Wilkinson Asia, Rajnish Kapur says: "Global sourcing destinations continue to expand, and through continued progress of our key deliverables, we look forward to advancing Wilkinson's number one priorities 'product and quality'."

"We are committed to raising the standards of our work and effort in delivering a step change in quality, with a focus on the major category reviews and more alignment with our quality team in UK, and we're confident of achieving it."

Rajnish Kapur – Head of Wilkinson Asia

Inspiring team

This year, we launched Aspire, our talent management programme, to Wilkinson Asia, with eight recently promoted managers taking part. This, combined with a culture of 'fun at work', contributed to our overall Investors in People assessment and Gold award.

Doing their bit

Charity continues to be at the heart of Wilkinson Asia's team members. The whole team regularly spends time with the Fu Hong Society, which provides support for over 3,500 people in Hong Kong who suffer from physical, physiological and autistic disabilities.

Last year the team raised HK\$1 million for The Children's Cancer Foundation. In 2012 they are supporting Sowers Action Group, a non-profit organisation that builds and manages schools in Northern China.



Animal magic

Pets relaunch sets the bar for category reviews

We're already the top retailer for dog treats and wild bird food and we sell £108m worth of pet products every year. But that's only 5% of the market. We set ourselves the challenge in 2011 to increase that by launching a five year vision to create a distinctly different approach to the Pets category.

In the first year we rebranded 600 Wilko own label products with great looking new packaging that gave the range real personality and a sense of fun. We even named some items after members of our executive management team.

We took the unique Wilko look, feel and personality across the category with fun signposting making the Pets fixture easy to shop.

We reviewed the quality of every single item and the recipe of every animal

feed or treat, and a high proportion of our products are now unique to Wilkinsons.

Total sales increase after launch was 10%, which delivered an incremental £6m turnover. Sales of our own label pet products increased from 46% to 64%.

Many of our products recognise the importance of looking after local wildlife:

- Our hedgehog homes address concerns about falling hedgehog numbers due to their habitats – fields and gardens being paved over
- The RSPB now encourages people to feed wild birds in the summer as well as in winter
- Our Wildly Tasty Seed Mix is the best value mix in the market. Because all our mixes go through two cleaning

processes, there's none of the dust, chaff or rubbish found in lower quality competitor mixes

- Our recipe reviews mean products like our Wilko Mixer Biscuits, Wilko Cat Milk and Wilko Puppy Special Feast are every bit as good as leading brands

"The cross-functional approach to the Pets relaunch has set the way forward for all future category reviews. Getting all teams bought in to what we were trying to achieve created amazing energy, passion and fun."

Duncan Morrow – Project Manager



Our brand showcase

Press and suppliers get new impression of Wilkinsons

In July 2011 we held our Christmas and Home press show and supplier conferences at the RSA House, just off The Strand in central London.

Attendance was up again from 2010, thanks to the increase in the quality of our consumer PR over the past year.

Lots of big magazines and newspapers came along, including the Daily Mirror, The Sun, Good Housekeeping, Living etc, Bella, Best and Chat. We also welcomed glossy home and lifestyle titles, such as Elle Decoration, Red and Essentials.

The event also gave us chance to show off our four Christmas colours for 2011, along with our fantastic Gifting ranges, Wilko Play, Bathroom, Textiles and Home Co-ordinates, and Wilkinson premium range. We also dedicated a space to our investment in trend and our great work on colour, design and surface pattern.

The showcase, which also saw us hold four supplier conferences and a property networking event, went down really well. We've already seen a massive rise in suppliers taking an interest in Wilkinsons and working with us in the future.

"There were some fantastic stories and themes for Christmas and great feature inspiration. My perception of Wilkinsons has really changed and we love the premium range and quality products this year."

Sunday Express

Our very best

Three-tier proposition boosts own label ambitions

In October 2011 we launched the first 73 products in our new Wilkinsons premium own label range. They really have proved to be our very best.

Wilko Everyday Value

Our entry-level range of 400 no-frills functional items offers extraordinary value every day and appeals to customers on a budget and savvy shoppers alike.

Quality-wise, items must be fit for purpose.

Wilko

Our mid-tier offering is our bread and butter and represents a brand you can trust. It's reliable quality, price and value appeal to all our customers.

Wilko employs a fun, instantly recognisable look across all products, guaranteeing they'll always stand out on the shelf.

Wilkinsons

Our premium top tier is our very best. We launched 73 products in October, covering our Christmas, Towels and Kitchenware ranges.

The quality of these products is noticeably better than the Wilko range but still represents great value. We want customers to aspire to these products; they're unique to Wilkinsons and boast extraordinary quality and design. As part of this range, we offer five-year guarantees on products



such as baking tins, and up to 25 years on cutlery. We have exciting plans to quadruple our premium items in the next three years. With 18 of our top 20 stores for Wilkinsons premium sales in the South, the range will become more important as we expand our presence in this part of the country. Watch this space for more exciting news on our premium range...





Planting the seeds

Relaunch for new growth in Garden

Gardening is a huge area of interest for millions of people in the UK; in fact as a pastime it's never been bigger. It's also an area where Wilkinsons has real heritage. We're the No.1 retailer for seeds and bulbs.

Our relaunch, which began at the end of 2011, aims to build on this heritage and bring the Garden shop floor alive, introducing colour and vibrancy across the range.

The range has changed significantly with huge developments in everything from product packaging through to the point of sale used in store to give our customers a greater level of help and advice.

We have also undertaken a huge amount of work on improving the quality of our products, both in store and online and developed co-ordinated colours and themes across our more decorative ranges.

The colour scheme flows through all of the Garden categories. So if our customers want a watering can from our Get Watering range,

a trowel from our Get Gardening range and a seed tray from our Get Growing range they can have them all to match.

The POS features QR codes to take customers to a handy gardening calendar and plenty of hints and tips.

We help customers who want to do the right thing by sourcing a growing number of FSC-certified timber products, and we've also added more water-saving devices to our ranges.

Our Own Brand products all feature distinct logos to create real standout on the shelves and make it easy for customers to find exactly what they need for the job in hand.



Looking after our responsibilities

Working to have a positive impact on the economy, environment and society

Our corporate social responsibility work can be seen in many of our activities, from ethical buying to HR policies. You can read about what we achieved in 2011/12, including our work on energy efficiency in stores, elsewhere in this review and by visiting www.wilko.co.uk



Engaging our team members

We had a great response to the first year of our CSR communications programme. Our teams got involved in lots of fun and interesting activities to learn how to support the community, waste less and save energy.

- Our Grow Your Own Sunflower competition inspired our Wales Distribution Centre to start a vegetable allotment on site
- Team members made a range of promises: to switch off computers, separate waste for better recycling, encourage customers to buy reusable bags, and to support local schools and community groups



Some examples of what we did:

Reducing our carbon footprint

Our efforts to reduce energy have been recognised by the Carbon Trust Standard. In 2012 we'll seek recertification and add our business travel activities, which include our lorry fleet. We'll also continue to seek more accurate results on reductions by finding better ways to collect, measure and manage data.



Energy

Having brighter lights in our Distribution Centres makes all the difference, because they're low-energy too. Once complete, our three to five year programme to replace the lighting in just one Distribution Centre will save us £442,000 and 2,517 tonnes of CO₂ every year.



Key highlights from 2011:

Transport

We continued to reduce fuel use and vehicle mileage using vehicle tracking software, a transport management system, backhauling and off-peak deliveries. We're also rolling out a new driver training video to promote safer and more efficient driving.



Sourcing responsibly

Our buying teams began working towards balancing the responsible sourcing of Own Brand products with offering great value to customers. We're focusing first on areas like packaging and timber. From 2012, our Own Brand team will take the lead on packaging, with another team working on packaging improvements.





An extra helping hand

How 1% of our profit helps communities every year

Helping Hands

- In 2011/12 each store had a budget of £580 to donate to local causes. In total they helped support local communities to the tune of £137,575
- Over 50 team members from Region 2 used their Helping Hands budget to decorate the rooms of 18 residents at a hostel for young people aged 16 to 25. They also donated all the decorating materials and new furnishings for the rooms
- Our team members from Wythenshawe rolled up their sleeves to give a Helping Hand after they read in the news that a local park had been vandalised. They donated £100 of Wilko vouchers to assist with returning the gardens to their original form

Wilko Heroes

Supporting team members and their fantastic charity work

We match our team members' fundraising efforts up to £100 for a charity of their

choice or £250 for supporting our Charity of the Year. In 2011/12 we match funded £4,815 for Age UK and £8,597 for other local charities.

- Match funding was awarded to Ilford's Brian Haddrell after he completed three challenges for Age UK – a firewalk, a half marathon and a full marathon!
- Our Arnold store team raised money by cycling 25 miles around Rutland Water

"Helping the local community which we serve and being a good neighbour is really important to us and our team members are really passionate about giving something back!"

Clare Jones – Charity Officer

- The team at Chelmsford received match funding for running a marathon relay on a treadmill in store

Local Stars

Helping people fulfil their potential

As well as giving time and money to a range of charities, we also help people in the community to realise their dreams – from Olympic hopefuls to future Broadway stars.

Among those we've helped are Ross Davenport who spent seven years working towards the 2012 Olympics and achieved the top 16 world ranked qualifying standard to compete this year. Ross will compete in the 200m freestyle event. Louise Dukes spent five years working towards the 2012 Olympics and plays for the GB Handball team as a line player.



Improving later life A year of fundraising and volunteering for Age UK

With over a million older people saying that they often feel lonely, and five million saying that the television is their main form of company, we've been pledging our support to Age UK to help change their lives for the better.

Age UK is the UK's largest charity working for and with older people. Our CEO, Stuart Mitchell set us the target of raising £500,000 from individual and store events to help support four of the charity's key initiatives:

Christmas lunches and outings

Providing funding for Christmas dinners and get-togethers for older people who spend the festive season alone.

Call in Time

Essential telephone friendship service, designed to reach lonely individuals.

Handyperson Service

Aiming to improve the quality of life and increase the peace of mind of older people by making their homes safer and more secure.

Information sharing and advice

Leaflets placed in Wilkinsons stores, containing information and advice for

people who want to get in contact with a trusted expert.

Teams across the UK, including our Distribution Centres and Head Office had a fantastic year. As always, they came up with some brilliant fundraising ideas, such as talent shows, dragon boat racing, fun runs and rugby and cricket matches.

But a big part of this year's work has been about our people who eagerly signed up to volunteer in Age UK shops or take part in the Call in Time programme.

"Before my first call I was a little nervous, but after the first minute on the phone with Jane my nerves had gone. She's a very chatty lady with lots of interesting things to talk about."

Dave Naggs – Sale store

As a company we want to be at the heart of our communities. These volunteering opportunities have really allowed us to do that, with our team members volunteering over 6,100 hours to Age UK.

We've also supported the Spread the Warmth campaign. Each winter, around 250 older people die every day from the effects of cold weather. This Age UK campaign can save thousands from suffering needlessly in the cold.

In our stores we encouraged customers to Donate A Coat, which could then be sold to raise funds. We collected around 7,000 coats, equating to about £70,000. Then in February we held our Bobble Day fundraiser where we encouraged customers to buy and wear a bobble hat to show their support for Spread the Warmth.



Charity begins at home

Doing our bit for our local community

As we continue to put our business at the heart of our community, we've changed the way we choose and support charities for 2012. Up and down the country, our people are backing the causes that matter to them and their local area. Here are just a few examples of how they're making a difference:

Wilkinson's team members from every region, Head Office, our Distribution Centres and Wilkinson Asia have nominated and chosen 28 local charities they want to support.

To make sure that everyone gets the chance to make a difference, every team member is given one day's volunteering time to be donated to their chosen charity.

Region four have pulled together to support Macmillan in memory of one of their team members, while Region one have opted to support their local air ambulance service.

Region 2 have nominated a local charity, set up by the family and friends

of Hannah, a little girl who was diagnosed with Hodgkin's Lymphoma and sadly passed away, aged 10. Hannah's favourite pastime was spending time with her family so Hannah's Appeal has been set up to support other families with terminally ill children.

Teams from the region are already discussing their fundraising targets and how they can get behind the appeal locally. They've estimated that £25k will send 100 families away for a well earned break, giving them the time to make precious memories.

Finally, Wilkinson Asia are supporting and building a local school. The business's charity champions, Paulina Suen, Colman Lau, Millie Lam, Makyo, Sophia and Carl Chan are passionate about fundraising and so far the team has raised HK\$1 million. They hope to complete the project during 2012.

We're looking forward to a fantastic year of fundraising for all our local charities!

"We aim to help our communities by supporting local registered charities that share our family values, culture and business heritage. We want to build sustainable local relationships through supporting charity, community initiatives and volunteering our time."

Lisa Wilkinson – Family non-executive Director



Summary of the year

Achievements to be proud of in a tough year

2011 was an even tougher year for the retail industry than 2010 with no sign of any pick up in customer footfall or spend. The UK economy delivered an average growth per quarter of only 0.2%, compared with 0.5% in 2010 and the last quarter of 2011 is expected to show a fall of 0.2%. Several household names have failed to survive this challenging period.

I am pleased to report that we have delivered a pre-tax profit of £22.7m. Whilst this is considerably less than last year, or than we planned, it is an achievement to be proud of in such a tough trading environment. Our total sales growth (including VAT) of 2.5% was delivered by our 18 new stores on top of a small decline in like for like sales driven by fewer customer visits. The VAT increase at the start of the year meant that our true sales growth excluding VAT was 0.4%. On a more positive note, our customer spend increased, another achievement, given our customers' continued search for value in their shopping and concentration on essential spending.

Our financial position remains strong with the net cash inflow from operating activities of £44.4m this year compared with £88.7m last year. At the year end, we had £3.7m of net funds compared to net funds of £19.5m last year.

We have continued to invest in our future through our strategic projects. Our major category review programme will ensure that the quality and range of our products

continues to improve and will maintain our core value of providing 'extraordinary everyday shopping in the heart of the community'. The launch of our new and extended Pets range in the summer was very successful and is now the blueprint for future major category reviews. Garden landed in late 2011 and Stationery, Kitchen and Christmas are due in 2012. We also refreshed our Health & Beauty, Home, Kitchen, Housewares and Stationery ranges during the year.

We have committed to a significant investment over the next three years in our business processes and technology in order to improve the way we support the business. We have also continued to invest in our internet and catalogue business in order to achieve our ambition of being a true multichannel retailer.

We continued our One Touch rebrand programme and completed 80 stores during the year. This programme will continue in 2012 and all our stores will have been rebranded by 2015.

Our property and retail teams managed to open an incredible 18 new stores during 2011 and delivered an extra 444 weeks of trading. These new stores were located across the country and included some ground-breaking locations for us – such as Tooting in south west London. Situated opposite a busy Northern line tube station, this store smashed its sales prediction and was so busy on its opening day, it traded

well past the scheduled closing time. It has continued to trade above our expectations and has reinforced our belief that we should increase the number of stores in the London area.

We continued our planned reduction in our costs with the roll out of our Warehouse on Wheels initiative. Team members in distribution and our stores have continued to drive out costs from our business to maximise their contribution during this time of flat sales growth. Our team in Hong Kong has also contributed to this work with the strengthening of our supply base in Asia and driving our category reviews.

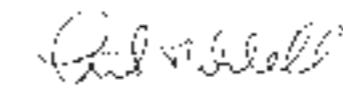
Our Customer First training programme in Retail has helped our team members to respond to these challenging trading conditions and to improve the way that we serve our customers. Our aim remains to make our processes as efficient as possible so that our team members are available to serve our customers as much as possible. Together with our charity work, this enables our stores to play an important role in the local community.

Our internal talent development programme Aspire has now been completed by 64 managers and there is intense competition to join the programme. We have retained our Investors in People status for the 15th consecutive year and achieved the gold award, which recognises our commitment to our team members, for a fourth year.

There have been no additions in the Executive Management Team during the year, but I am delighted that Nick Walker will be taking responsibility for supply chain from July 2012. Peter Truman has also joined us as Head of ICT.

Our chosen charity for 2011/12 is Age UK. After our exceptional success in raising £1.6m for the Anthony Nolan Trust in 2010/11, we set a relatively modest target of £500,000 for this year. I am delighted to report that we have already raised over £788,000. In addition, our team members have provided direct support to a number of elderly people through visits and regular phone calls, working in Age UK's shops and decorating local facilities. In total, 5,216 days have been volunteered by our team members.

Of course, everything we have achieved in the year would not have been possible without the hard work and commitment of our 23,229 team members, suppliers and family shareholders. Once again, in yet another challenging year for the retail industry, you have all played a part in our achievements.



S R Mitchell
Chief Executive Officer



Financial review

Consolidated profit and loss

PERIOD ENDED 27 JANUARY 2012	2012 £'000	2011 £'000
Turnover	1,565,400	1,559,384
Cost of sales	947,539	927,786
Gross profit	617,861	631,598
Operating expenses	598,601	573,831
Operating profit	19,260	57,767
Interest receivable and similar income	3,782	3,260
	23,042	61,027
Interest payable and similar charges	305	203
Profit on ordinary activities before taxation	22,736	60,824
Tax on profit on ordinary activities	8,758	20,676
Profit on ordinary activities after taxation	13,978	40,148

Consolidated cash flow

PERIOD ENDED 27 JANUARY 2012	2012 £'000	2011 £'000
Net cash inflow from operating activities	44,338	88,743
Returns on investments and servicing of finance	(231)	68
Taxation	(13,550)	(19,940)
Capital expenditure	(44,178)	(48,658)
Equity dividends paid	(2,201)	(11,515)
(Decrease)/increase in cash in the period before financing	(15,822)	8,698
Financing	(6,214)	(13,264)
Decrease in cash in the period after financing	(22,036)	(4,566)
Reconciliation of net cash flow to movement in net funds/(debt)		
Decrease in cash in the period	(22,036)	(4,566)
Cash flow from movement in debt and lease financing	6,214	6,214
Movement in net funds in the period	(15,822)	1,648
Net funds at start of the period	19,520	17,872
Net funds at end of the period	3,698	19,520

Consolidated balance sheet

AT 27 JANUARY 2012	2012 £'000	2011 £'000	2011 £'000
Fixed assets			
Tangible assets	247,699	249,288	
Current assets			
Stocks	133,398	132,614	
Debtors	25,843	24,837	
Cash at bank and in hand	11,264	33,300	
	170,505	190,751	
Creditors: amounts falling due within one year	(178,387)	(201,657)	
Net current liabilities	(7,882)	(10,906)	
Total assets less current liabilities	239,817	238,382	
Creditors: amounts falling due after more than one year	(1,352)	(7,566)	
Provisions for liabilities	(9,326)	(9,189)	
Net assets excluding pension asset	229,139	221,627	
Pension asset	1,340	16,737	
Net assets including pension asset	230,479	238,364	
Capital and reserves			
Called up share capital	33	33	
Other reserves	171	171	
Profit and loss account	230,275	238,160	
Shareholders' funds	230,479	238,364	

Secretary

Ian Ellis (contact
Mary Edgerton)

Registered office

JK House
Roebuck Way
Manton Wood

Worksop

Nottinghamshire

S80 3YY

Registered number

0365335
(England & Wales)

Auditors

Cooper Parry
Group Limited
14 Park Row
Nottingham
NG1 6GR

Bankers

Lloyds TSB
Bank Plc
Royal Bank of
Scotland Plc

The figures and financial information for the financial period 2011/12 and comparatives do not constitute the statutory financial statements for those periods. The financial statements for the financial period ended 27 January 2012 will be filed at Companies House following the Annual General Meeting on 19 July 2012, and include the auditors' report which was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under section 498 (2) or (3) of the Companies Act 2006.