next plc

Results for the Year Ending January 2016

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Photographs: http://press.next.co.uk/media/company-images/campaignimages.aspx

CHAIRMAN'S STATEMENT

The year to January 2016 was a solid year for NEXT. Underlying[1] Earnings Per Share (EPS) grew by 5% to 442p and we propose to increase our total full year ordinary dividend by 5% (to 158p).

Sales for NEXT Directory, our online and catalogue business, increased by 8% and NEXT Retail by 1%. Total Group sales rose by 3% to £4.1bn.

Our share price remained above our declared share buyback price limit for much of the year. Cash flow remained strong and we returned £568m to shareholders through a combination of ordinary dividends (£227m) and special dividends (£341m). In January the share price fell and we re-started our buyback programme, returning a further £151m.

We have continued to invest in the business, spending £151m on new stores, a new warehouse and systems. In addition, we changed the credit terms for our Directory customers, which increased Directory debtors by some £215m. As a result, net debt increased to £850m, well within our bond and bank facilities of £1.3bn.

As I reported last year, David Keens and Jonathan Dawson left the Board at the beginning of the year and Amanda James joined the Board as David's replacement as Group Finance Director.

The strength of the Group is built on the hard work and productivity of all the people who work for NEXT. I would like to thank them all for their contribution throughout the year.

2016 will be a challenging year with much uncertainty in the global economy. For NEXT it makes it particularly important that we remain focussed on our core strategy of delivering long term sustainable growth in EPS, investing in the business, improving the design and quality of our products and returning surplus cash to shareholders.

[1] Sales, profits and EPS figures are all stated on a 52 week versus 52 week basis; this year was in fact 53 weeks.

CHIEF EXECUTIVE'S REVIEW - Contents

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

NEXT Brand full price sales were up +**3.9%**, underlying profit before tax was up +**5.0%** and underlying Earnings per Share (EPS) were up **+5.4%**. Full price sales were slightly ahead of the central guidance (of +3.5%) we issued in March last year. Profits advanced more than sales, mainly as a result of better bought-in gross margins in the first half.

We are proposing a final ordinary dividend of 105p, making **158p** in total for the year, up +5.3%. During the year we also paid a further **230p** of special dividends.

In order to give a picture of the underlying performance of the business, throughout this report numbers are generally stated on a 52 week versus 52 week basis. This year was in fact a 53 week year.

SALES excluding VAT * (52 weeks v 52 weeks)	**January 2016** £m	**January 2015** £m	
NEXT Retail	2,373.5	2,348.2	+1.1%
NEXT Directory	1,658.7	1,540.6	+7.7%
NEXT BRAND	4,032.2	3,888.8	+3.7%
Other	117.5	139.0	
Total NEXT Group sales (52 v 52 weeks)	**4,149.7**	**4,027.8**	**+3.0%**
Statutory Revenue (53 v 52 weeks)	**4,176.9**	**3,999.8**	

* See Note 2 to the accounts on sales presentation

PROFIT and EPS (52 weeks v 52 weeks)	**January 2016** £m	**January 2015** £m	
NEXT Retail	402.1	383.8	+4.8%
NEXT Directory	405.2	376.8	+7.5%
NEXT BRAND	807.3	760.6	+6.2%
Other	44.5	51.5	
Operating profit	851.8	812.1	+4.9%
Net interest	(30.5)	(29.9)	
Profit before tax – underlying	**821.3**	**782.2**	**+5.0%**
Profit from 53rd week in current year	14.8	-	
Exceptional disposal gains last year	-	12.6	
Taxation (53 v 52 weeks)	(169.3)	(159.9)	
Profit after tax (53 v 52 weeks)	**666.8**	**634.9**	
EPS – underlying (52 v 52 weeks)	**442.5p**	**419.8p**	**+5.4%**
Ordinary dividends per share	158.0p	150.0p	+5.3%

OBJECTIVES FOR THE YEAR AHEAD

The year ahead may well be the toughest we have faced since 2008. We are very clear on our priorities going forward and whatever challenges we may face, it is important that we remain focused on ensuring that the Company's product, marketing, services and cost controls all improve in the year ahead.

The Company's main operational objectives are set out in the table below. They remain broadly unchanged from those set out last year, with the addition of a plan to upgrade elements of the NEXT Directory:

Develop the NEXT Brand	Continue to develop and advance our buying and design capabilities; delivering better design, improved quality and quicker response to new trends.
Upgrade Directory	Develop new online advertising and email techniques for recruiting new customers and reactivating existing customers. Improve the presentation of our website with particular reference to mobile devices. Defend, develop and promote our credit business. Rationalise and expand the distribution of our printed publications.
Invest in online growth businesses	Continue to invest in and develop NEXT overseas through investment in new advertising and promotion techniques and the development of our existing delivery hubs. Continue to develop LABEL through the addition of new key brands, improving stock availability and stock control.
Invest in profitable new space	Open profitable new retail space, maintaining the Company's payback and profitability hurdles of 15% net store profit (before central overheads) and payback on net capital invested in 24 months.
Control costs	Control costs through constantly innovating and developing more efficient ways of operating. This must be done without detracting from the quality of our products and services.

PRODUCT

The drive to improve our product remains at the heart of the business. Without great product all our other endeavours cannot succeed. We have continued to focus on improving aspects of our buying and design process and are now beginning to buy product in two very different ways. The first is our more traditional buying process, the “long game”, which involves a nine month buying cycle and focuses on long lead time product from far away territories. Secondly, there is “short game” buying, which focuses on a more spontaneous reaction to new trends typically sourced from nearby territories.

LONG LEAD TIME PRODUCT – “LONG GAME”

For long lead time Far Eastern product, emphasis is on the development and *direct* sourcing of better fabric, yarns, trims and embellishment. This involves more work at the front end of the buying cycle. It also means buying fabrics and yarns before we know exactly what garments they will be used for. We expect these improvements to begin to be reflected in our ranges from Autumn 2016 onwards.

SHORT LEAD TIME PRODUCT – “SHORT GAME”

For short lead time product sourced closer to home we are working on accelerating the decision making process; encouraging our buying and merchandise teams to make more decisions outside formal selection meetings. This method of buying represents a big cultural change for NEXT and will take time to implement properly. However the early signs are positive and we expect “short game” product to steadily increase as a percentage of our offer as the year progresses.

NEXT RETAIL

RETAIL SALES AND PROFIT ANALYSIS (52 WEEKS V 52 WEEKS)

£m	Jan 2016	Jan 2015	
Retail total sales	2,373.5	2,348.2	+1.1%
Retail operating profit	402.1	383.8	+4.8%
Retail net margin	16.9%	16.3%	

Total Retail sales were up +1.1%, with net new space contributing +2.4% to growth. Full price sales were up +2.2%. In these circumstances, with property commitments rising faster than sales, it is surprising that Retail margins moved forward. The main reason for the margin improvement is that our buying teams over-achieved against their target margin in the Spring and Summer seasons, assisted by better currency rates.

The table below sets out significant margin movements by major heads of costs.

Net operating margin on total sales last year		**16.3%**
Bought-in gross margin	Over achievement against target buying margin.	**+0.4%**
Markdown	Margin improved as a result of full price sales growing faster than markdown sales.	**+0.1%**
Store payroll	Increased rates of pay and holiday allowances would have cost -0.4% but were offset by in-store productivity initiatives.	**0.0%**
Store occupancy	Rent and rates reduced margin mainly as a result of negative same-store sales. However, this was offset by lower depreciation on existing stores. Underlying rental inflation was less than 1%.	**0.0%**
Warehouse and distribution	The annual pay award increased warehouse wages as a percentage of sales.	**- 0.1%**
Central overheads	Margin increased mainly due to lower staff incentives.	**+0.2%**
Net operating margin on total sales this year		**16.9%**

We expect Retail margins in the year ahead to be lower than last year, mainly due to the impact of rising branch payroll costs and negative same-store sales.

RETAIL SPACE EXPANSION

Net trading space increased by 275,000 square feet to 7.6m square feet. Store numbers remained broadly the same, with the increase from new stores being offset by the closure of smaller, less profitable stores.

The table below sets out the change in store numbers and space for the full year.

	Store Numbers	Sq. Ft. (000's)	
January 2015	**539**	**7,373**	
New stores, including 8 re-sites	+21	+406	
Closures, including 11 re-sites	- 20	- 186	
Extensions (14)	-	+55	
January 2016	**540**	**7,648**	**+3.7%**

Profitability of stores opened or extended in the last 12 months is forecast to average 18% and payback on the net capital invested is expected to be 22 months. Both figures meet Company investment hurdles of 15% store profitability and 24 months capital payback.

Looking ahead, we estimate that we will add around 275,000 square feet of net trading space in 2016/17 and a further 350,000 square feet in 2017/18. Of course, these estimates are only a rough guide at this stage; much will depend on the property deals we are able to achieve and required planning permissions. Looking at the openings we have planned for the next 12 months, there are six key locations where we have decided to stretch our payback criteria, although never to more than 30 months.

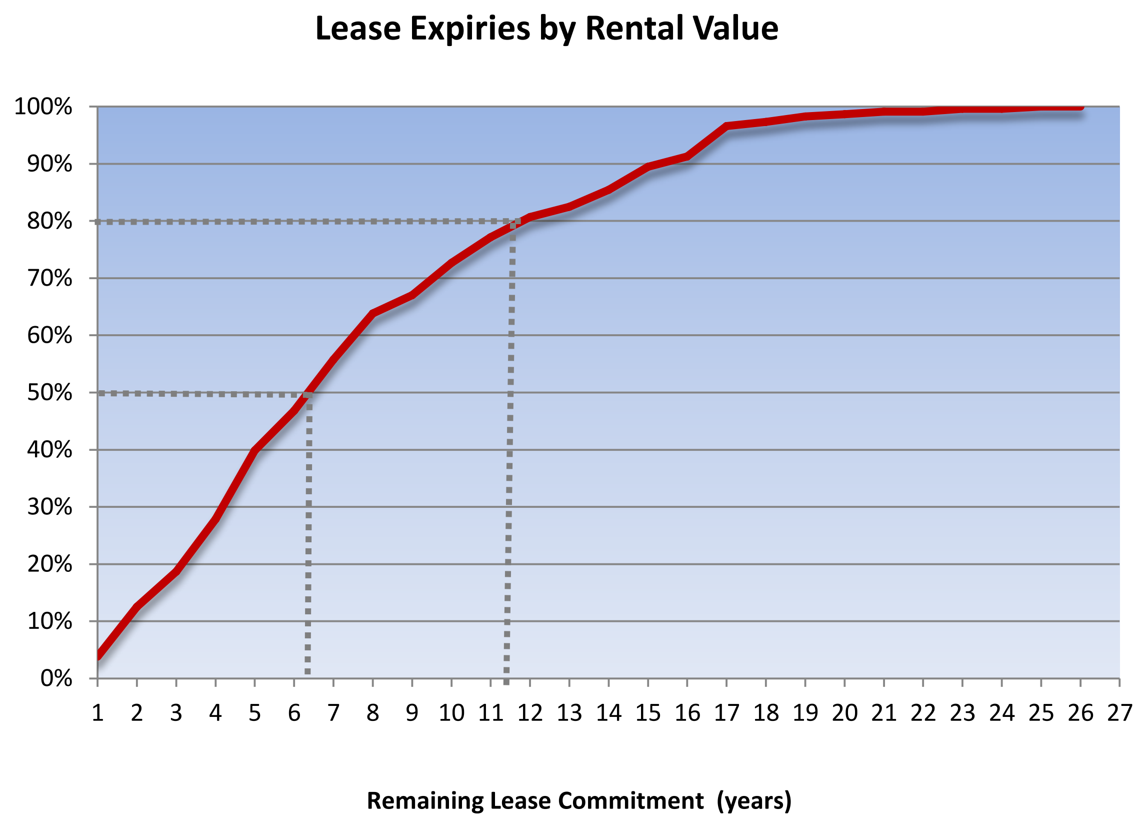
NEXT, Norwich Longwater Retail Park

RETAIL STORE PROFITABILITY AND AVERAGE LEASE LENGTHS

As a result of the active management of our store portfolio, the vast majority of our stores make a healthy profit, with 98% of our space delivering a net branch profit of more than 10%. The table below sets out the percentage of our turnover within stores of different levels of profitability.

Mainline store profitability	Percentage of turnover
>20%	81%
>15%	94%
>10%	98%
>5%	99%
>0%	99.5%

The weighted average remaining lease term is 7.4 years, with 50% of our leases (by value) expiring within 7 years, and 80% within 12 years. The graph below shows the remaining lease commitment in years by percentage of our portfolio (by rental value). This includes 20 leases that have exchanged but not yet completed.



NEXT DIRECTORY

NEXT DIRECTORY SALES PERFORMANCE

Total Directory sales grew by +7.7%. Full price sales grew by +6.5%. The table below shows the year on year growth in *full price* sales for each element of the business. Full price sales in the UK grew by +4.6%. Much of the UK growth was driven by LABEL, the core UK NEXT full price business grew by +2.3%. Our overseas business grew by +20.0%.

Full price sales growth	£m	Full price % Var
UK NEXT	+ 24	+ 2.3%
UK LABEL	+ 31	+ 21.2%
Total UK	**+ 55**	**+ 4.6%**
Overseas	+ 32	+ 20.0%
Total	**+ 87**	**+ 6.5%**

Stock Availability Issues

During the second half of the year, Directory suffered from poor stock availability as consumers switched to buying more stock from our mid-season "New-In" brochures and less from our large seasonal catalogues.

To address this issue we have increased Directory's overall stock holding in Spring and Summer. For Autumn and Winter we have made a more fundamental change; we have re-written our stock ordering systems to allow more accurate allocation of our buy budget in favour of items that appear in our smaller "New In" publications.

DIRECTORY CUSTOMER BASE

Active customers increased by 11% to 4.6 million, driven by the acquisition of UK 'cash' customers and customers overseas. The table below sets out the growth in our customer base.

Average customers	Jan 2016	Jan 2015	
UK credit account	2.61m	2.72m	- 4%
UK cash	1.21m	0.90m	+35%
Total UK	**3.82m**	**3.62m**	**+5%**
Overseas	0.76m	0.50m	+54%
Total active customers	**4.58m**	**4.12m**	**+11%**

DIRECTORY PROFIT ANALYSIS (52 WEEKS V 52 WEEKS)

Total NEXT Directory sales grew by +7.7%, profit grew by +7.5%.

£m	Jan 2016	Jan 2015	
Directory total sales	1,658.7	1,540.6	+7.7%
Directory operating profit	405.2	376.8	+7.5%
Directory net margin	24.4%	24.5%	

The table below sets out significant margin movements by major heads of costs.

Net operating margin on total sales last year		**24.5%**
Bought-in gross margin	Over achievement against target buying margin.	**+0.4%**
Higher markdown	Directory stock for Sale increased by 12% mainly as a result of less Sale stock being transferred to Retail. Clearance rates (the percentage of units sold in the Sale) reduced.	**- 0.2%**
Bad debt	We have provided for bad debts on the unusually large increase in the Directory debtor balance.	**- 0.5%**
Interest Income	Credit sales grew by only 2%. However, reduced minimum payments led to higher balances. This benefit was partially offset by the APR reduction in October 2015.	**+0.6%**
Warehouse & distribution	Warehouse and distribution costs have risen as a result of increased International sales. In addition, the annual pay award increased warehouse wages as a percentage of sales.	**- 0.5%**
Marketing, photography & catalogue production	Increased costs of photography and marketing were offset by a reduction in the number of catalogues produced.	**+0.1%**
Net operating margin on total sales this year		**24.4%**

THE CHANGING FACE OF NEXT DIRECTORY

Over the last five years the NEXT Directory has changed profoundly. Sales have grown by +75% and we have developed two new businesses; an online overseas business and a third party branded business, LABEL. Between them these have added over £300m to Directory's turnover and are still growing strongly. However, growth in the core UK Directory business has inevitably slowed as the business has matured. Partly this is as a result of competitors catching up with our delivery and warehousing capabilities; partly as a result of changes in the ways customers are shopping online. It is this last point that provides us with the opportunity to improve the business going forward.

IMPROVING DIRECTORY UK

There is a great deal we are doing to improve Directory. The following paragraphs outline some of the ways in which we will be upgrading the business. Projects can be categorised into four areas:

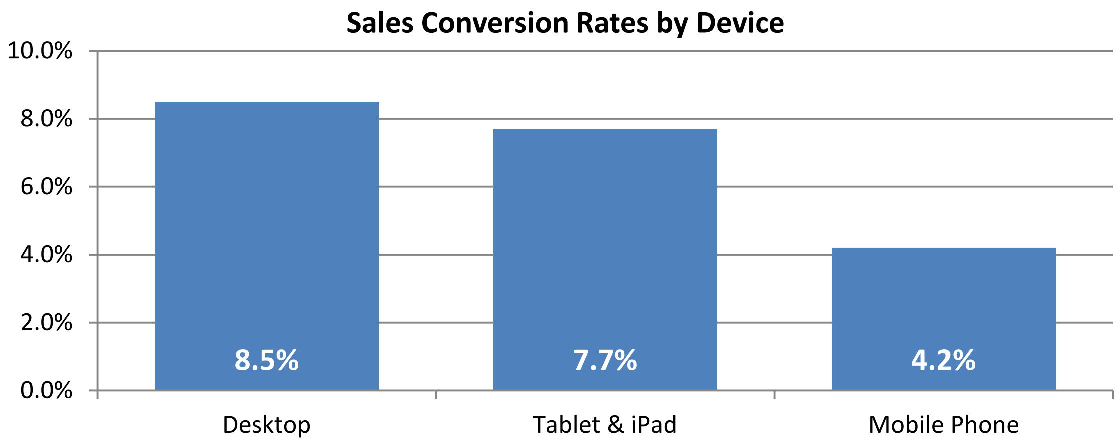
- Improving user interfaces
- Catalogues and marketing
- Delivery service
- Credit

The way our customers trade with us is changing in four important ways. (1) The *devices* they use to purchase items have changed, (2) their desire for *catalogues* has reduced, (3) their propensity to take *credit* has diminished and (4) their preference to collect *deliveries* from stores has increased. The table below shows just how marked some of the changes have been:

	User Interface	**Catalogues and Marketing**	**Credit**	**Deliveries**
2010	**95%** of orders (by value) on desktop PC.	**89%** of customers receive large catalogues.	**95%** of orders (by value) placed on a credit account.	**87%** of orders delivered to home.
2015	**37%** of orders (by value) on desktop PC. Balance of orders taken on tablet and phones.	**53%** of customers require large catalogues.	**84%** of orders (by value) use credit account, the rest use credit and debit cards.	**45%** of orders delivered to home, the balance to store.

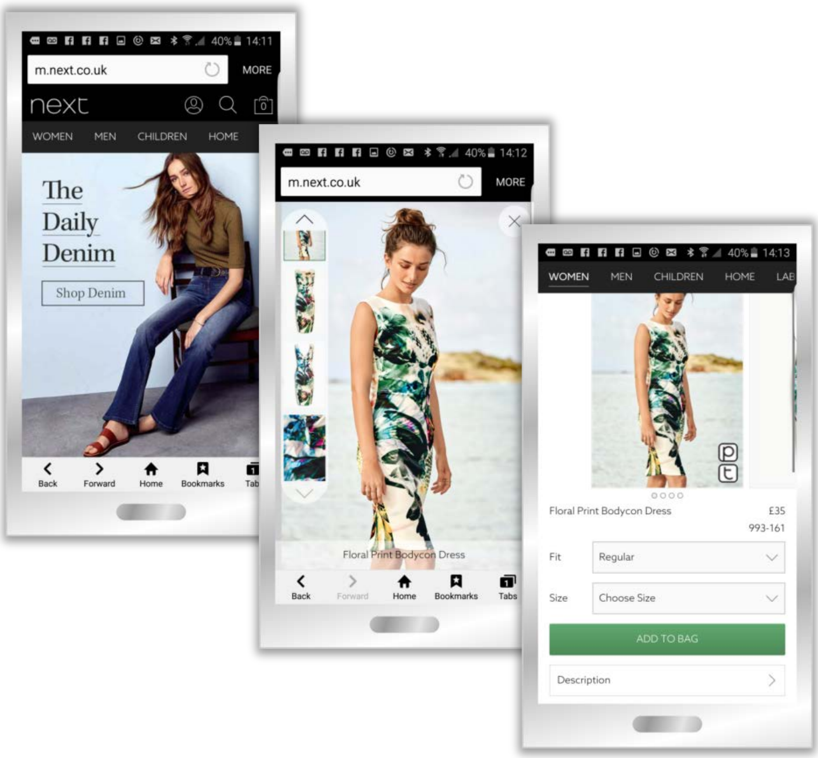
Improving User Interfaces

The graph below shows the conversion rates (the percentage of people visiting our website that place an order) for customers shopping using different devices. Conversion rates on mobile phones are always likely to be lower than on desktops, however we believe we can narrow the difference.



Mobile site

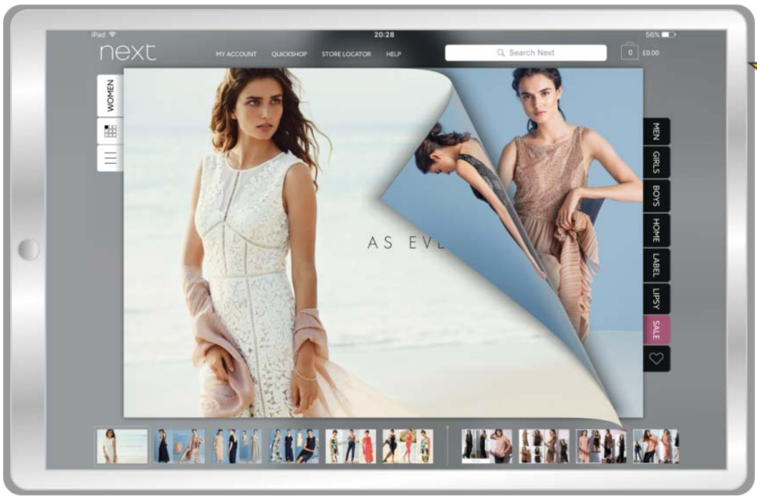
Until very recently, the vast majority of mobile phone users would have been presented with our normal desktop website on their phone screen. We have recently switched customers browsing on mobile phones (excluding iPhones) to a mobile version of the site (m.next.co.uk). The results have been encouraging with conversion rising significantly, from 4.2% to 5.8%. Over the course of the next few months we will also switch over iPhone users to the mobile site.



iPad App

In August last year we launched our new iPad App. The aim was to give customers the best of both worlds – the look and feel of a page-turning book alongside the search and filtering abilities of a website. The results have been encouraging and we have seen conversion rates improve from 8% to 10% for those customers using the App.

Over the course of the year we will focus on converting more iPad customers to the App. In May, we will release a new version of our iPhone App to mirror the improved functionality on the iPad. In July we will launch an Android version of our iPad App.



NEXT iPad App

Catalogues and Marketing

Those customers who continue to receive catalogues still value them, so we do not intend to abandon our printed brochures. Indeed, for the 1.6m customers that want catalogues, providing a regular flow of new and exciting publications remains the most important way we can engage with these customers. We currently publish four large hardback seasonal catalogues, five smaller softback brochures, two hardback home brochures and four LABEL brochures. This means our best customers now receive over 7,000 pages of printed material.

Over the course of the next year we will be rationalising and expanding the distribution of brochures and catalogues. The aim is to ensure that we maximise the opportunity to profitably distribute printed materials to those customers that respond well to them.

However, there are a growing number of new customers who no longer require catalogues and we need to replace the interest they provide with other marketing methods. In particular we believe that we can make much better use of online advertising and email marketing technologies.

Over the course of the coming year we will invest an additional £8m (UK and overseas combined) in various forms of targeted online advertising and email campaigns. This marketing will be aimed both at re-activating existing customers and recruiting new customers. Online advertising campaigns must satisfy our internal investment hurdle rate of at least 30% Internal Rate of Return (IRR), which means that on average campaigns will achieve more than that and breakeven at around one year. On the downside, this means that we will be adding costs in the current year that are unlikely to generate a profit until the following year.

From Autumn we will begin the process of personalising our website. This technology will also facilitate more targeted advertising through third party websites to existing customers.

Delivery Service

Over the course of the year we will be working to improve our delivery service in two important ways:

- By giving customers the option to collect and return goods through third party parcel shops (target rollout September 2016)
- By narrowing the window of our home deliveries to a pre-advised two hour window (target rollout from December 2016)

Credit Business

Although credit income is set to rise in the year ahead, maintaining credit customer numbers remains our toughest challenge, and the average number of credit customers declined by -4% last year. The table below sets out the trend in our credit customer base over the last four years showing the average active customer accounts. As can be seen from the table below, the decline in numbers has been offset by the fact that remaining customers are spending more, so we appear to be losing our least active credit customers.

	Jan 2013	**Jan 2014**	**Jan 2015**	**Jan 2016**
Average active credit accounts	2,697k	2,798k	2,724k	2,606k
% Change in credit customers base	**+5%**	**+4%**	**- 3%**	**- 4%**
Sales per active credit customer	£404	£423	£450	£476
Average balance per customer	£231	£240	£271	£335
Total credit sales	£1,090m	£1,183m	£1,227m	£1,239m
% Var in credit sales[2]	**+5%**	**+9%**	**+4%**	**+1%**
Total net interest income	£140m	£152m	£166m	£188m
Increase in total net interest income	**+11%**	**+9%**	**+9%**	**+13%**

During the year, we made two important changes to our credit offer. Firstly, we reduced minimum payments to improve account flexibility, and secondly we lowered interest rates by 2%. The combined result of these changes was that credit revenues increased as existing customers took advantage of more flexible terms and increased their balances.

Over the course of the next year we believe we can further improve the way in which we target and market our credit offer. We will also improve our statements and enhance the "My Account" area of our website. However, even with these improvements, we expect our credit customer base to continue to decline by around 5% in the year ahead. We anticipate that it will take a number of years for our credit customer base to stabilise.

[2] Excludes interest income and sales through NEXT Directory Card

DIRECTORY OVERSEAS

Directory overseas continues to trade well with full price sales up 20%, in line with our guidance. Stripping out the effect of the pound's appreciation, sales in local currencies were up 41%.

Sales and Profit History

The table below sets out the last four years' sales, profits and net margins for Directory overseas, along with an estimate for the year ahead. Last year, margin was eroded by 2% mainly due to the decision to absorb some of the effect of currency devaluations, primarily in Russia and the Ukraine.

£m	**Jan 2013**	**Jan 2014**	**Jan 2015**	**Jan 2016**	**Jan 2017 (e)**
Sales	54	101	163	197	*232*
Net profit	10	18	30	31	*37*
Profitability	**19%**	**18%**	**18%**	**16%**	***16%***

Distribution Hubs

In previous years, our focus has been on translating our site into different languages and accepting local currencies. Our website now trades in 18 languages and 34 currencies. This year the emphasis has been on improving speed of delivery in key territories, building on the success of our hub in Northern Ireland, which opened in October 2014. In 2015, we opened distribution hubs in Russia (March), China (October) and Germany (October).

In Russia and China we have been able to reduce waiting times by more than 6 days with the majority of our customers now able to order stocked items for delivery within 3 days of ordering. In Germany we were able to deliver next day by air, so the new hub has given little in the way of service improvement, but has allowed us to operate more cost effectively.

In the year ahead, we do not intend to open any new hubs and will focus on operational improvements to existing hubs. These improvements will focus on the following areas:

- Stock level management within the hubs and bulk replenishment methods from the UK
- Cost management and efficiency
- Expanding the territorial reach of hubs (mainly from the German hub)
- Stock rebalancing between the hubs and the UK

International Marketing

Until recently, we had been unable to find many profitable advertising methods for our overseas business. We have now begun to experience some success with online advertising in certain countries. We plan to invest £3m in online marketing overseas in the year ahead. As with all our online advertising, campaigns must satisfy our internal hurdle rates of at least 30% IRR.

LABEL

We have continued to engage with new brands that do not directly compete with NEXT ranges and enhance our overall offer. Last year we added 20 major new brands. Sales grew by 25%, but some of this growth was driven by markdown sales. Full price sales grew by 20%[3].

Profit margins in the year have reduced due to a higher level of surplus stock. The table below sets out the last two years' sales, profit and margins for our LABEL business, along with our estimate for the year ahead.

£m	Jan 2015	Jan 2016	Jan 2017 (e)
Total Sales exc. VAT[3]	145	180	*196*
Profit	20	22	*29*
Profitability[3]	14%	12%	*15%*

Looking to the year ahead, we expect to add a further 7 important new brands to the business. We expect LABEL full price sales to grow by around 14% with net margins improving to circa 15%. The improvement in planned net margin comes largely as a result of lower anticipated markdowns. We believe we can improve both markdown and service level (the percentage of stock available to order) as we get a better understanding of what sales volumes individual brands are able to achieve.

[3] Excludes interest income on LABEL items purchased on the NEXT Directory account

COST INFLATION AND COST CONTROL

This year we have offset cost increases with cost savings. The tables below outline the main contributors to cost increases and cost savings over the last year. Cost control remains at the heart of the business and we remain determined that cost savings must come through innovation and efficiency rather than any compromise to our product quality or services.

COSTS AND SAVINGS IN THE YEAR ENDING JANUARY 2016

Cost increases	£m
Cost of living awards and other wage costs	24
Rent and rates	7
New systems	5
Home warehouse and distribution	3
Total cost increases	**39**

Cost savings	£m
Net margin on product	17
Property savings including fully depreciated assets	13
Retail productivity and cost improvements	9
Banking costs	4
Interest income and bad debt	3
Total cost savings	**46**

COSTS AND SAVINGS IN THE YEAR AHEAD

In the year ahead we expect cost increases of around £55m. Anticipated wage increases account for £23m of this, the majority of which comes from our annual wage award. We again expect cost increases to be more than offset by cost savings and other income streams of £59m, including £17m of additional interest income.

OTHER TRADING BUSINESSES

NEXT SOURCING

NEXT Sourcing (NS) is our internal sourcing agent, which procures around 40% of NEXT branded product. On a 52 week basis, sales increased by +11% and profits by +22%. Some of the apparent improvement was caused by currency movements and underlying profits were up only +13%, mainly as a result of better cost controls.

The table below sets out the performance of the business in Sterling and in Dollars.

52 v 52 weeks	Jan 2016 £m	Jan 2015 £m		Jan 2016 USD m	Jan 2015 USD m	
Sales (mainly inter-company)	668.8	600.6	+11%	1,016.6	985.0	+ 3%
Operating profit	50.5	41.4	+22%	76.8	67.9	+13%
Operating margin	**7.5%**	**6.9%**		**7.5%**	**6.9%**	
Exchange rate	1.52	1.64				

Looking to the year ahead we expect NS to make around £50m profit.

INTERNATIONAL RETAIL AND FRANCHISE STORES

Our franchise partners operate 181 stores in 35 countries, which is similar to last year. Franchise sales in the year have reduced by -12%. The decline is due to a combination of adverse currency movements and weak trading conditions in some important territories. Underlying sales in local currency were down -3%. We own 13 stores in Europe which have broadly broken even. Revenue and profit are set out below.

52 v 52 weeks	Jan 2016 £m	Jan 2015 £m	
Franchise income	63.0	71.9	
Own store sales	11.7	14.3	
Total revenue	**74.7**	**86.2**	- 13.4%
Operating profit	**10.2**	**11.7**	- 13.5%

LIPSY

Lipsy performed in line with expectations despite the loss of a major wholesale customer, which went into administration in January 2015. Lipsy sales are broken down by distribution channel in the table below.

52 v 52 weeks	Jan 2016 £m	Jan 2015 £m	
Franchise and wholesale	19.6	24.4	
Retail (including carve-out shops in NEXT)	17.5	19.3	
Online (Including sales through NEXT Directory)	37.2	29.3	
Total Sales	**74.3**	**73.0**	**+1.7%**

A growing proportion of Lipsy's sales now come from selling third party, young fashion brands, mainly on a commission basis. This third party business has increased as a percentage of Lipsy sales in the year from 12% to 23%. Lipsy sales made through NEXT Retail and NEXT Directory, amounting to £45.1m, are reported in those divisions. Operating profit was £5.3m on a 52 week basis, slightly ahead of last year. We are anticipating that the business will make a similar profit next year.

CENTRAL COSTS AND NON-TRADING ACTIVITIES

The table below summarises central costs and other non-trading activities.

£m	Jan 2016	Jan 2015
Central costs and share options	(24.2)	(23.4)
Property Management	7.4	7.0
Unrealised foreign exchange	(5.6)	8.9
Associates	1.0	0.8
Total	**(21.4)**	**(6.7)**

The £5.6m unrealised foreign exchange charge reflects the reversal of accounting gains from last year. We are budgeting on the basis of no gain or loss in the year ahead.

INTEREST AND TAXATION

The interest charge was £30.5m, slightly higher than last year's £29.9m. We are budgeting for a £36m interest charge next year. The anticipated increase in interest cost is largely as a result of a potential bond issue. Our full year tax rate of 20.2% is commensurate with headline UK corporation tax rates. We expect our effective tax rate to be similar next year, and from 2017/18 we would expect it to fall below 20% following the UK Government's decision to reduce the rate further.

CAPITAL EXPENDITURE, NET DEBT AND SHAREHOLDER DISTRIBUTIONS

CAPITAL EXPENDITURE

This year our capital expenditure was £151m, which was £41m ahead of last year. Capital expenditure is set out by category in the table below with the equivalent figures from last year and an estimate for the year ahead.

£m	Jan 2015	Jan 2016	Jan 2017 (e)
Retail space expansion	74	86	94
Retail cosmetic refits	6	15	11
Total capex on stores	**80**	**101**	**105**
Warehouse	12	22	27
Systems	5	13	8
Head office infrastructure	13	15	8
Total capital expenditure	**110**	**151**	**148**

Spending on new retail space was £86m, of which £80m relates to space opened within the year. The underlying cost of shop-fitting new space rose by 4% to £143/sq. ft., this was mainly as a result of enhanced specification, but partly as a result of some inflation in building costs. We increased expenditure on cosmetic refits and maintenance to £15m; in the year ahead we expect maintenance capex to return to the more normal level of £11m.

In the year to January 2016, warehouse capex of £22m included £12m of expenditure on a new automated furniture warehouse. This new warehouse will be operational in the current year after a further £19m of investment. Investment in systems includes the hardware costs associated with renewing our retail till systems. Expenditure on head office infrastructure increased to £15m as we continue the process of upgrading central facilities.

BALANCE SHEET, NET DEBT AND FINANCING

Cash Flow for the Year Ending January 2016

Year end net debt was £850m, this was £180m higher than we forecast at the half year mainly as a result of bringing forward share buybacks into the last few weeks of the year. The table below sets out net debt at the start and end of the year and summarises the significant movements in the year:

£m	Net debt	Cash flow
Net debt January 2015	**515**	
Surplus cash from operations (*after* tax, capital expenditure and *ordinary* dividends but before funding additional Directory debt)		+372
Special Dividends		- 341
Financing for additional Directory debt		- 215
Buybacks brought forwards from 2016/17		- 151
Net debt January 2016	**850**	

Underlying surplus cash generated from operations, after deducting interest, tax, capital expenditure and ordinary dividends, but before funding additional Directory debt, was £372m. This figure was boosted by £14m from the 53rd week and £8m deferred proceeds from the sale of our investment in Cotton Traders. Surplus cash was distributed to shareholders by way of special dividends amounting to £341m.

As explained in our half year statement, we increased net debt to fund additional Directory debt of £215m caused by the change in minimum payments. In January we brought forward additional shareholder returns of £151m through share buybacks which will be financed through cash flows in the year ahead. Overall, net cash outflow for the year was £335m.

Cash Flow for the Year Ahead

Looking forward to the year ahead, we expect to generate surplus cash of around £350m. We will continue to return surplus cash to shareholders through either share buybacks or special dividends. We anticipate distributing a total of £200m to shareholders in 2016/17, representing £350m of expected surplus cash flow less the £151m of share buybacks bought forward to January 2016. We have already paid a special dividend of £88m in February 2016, so the balance remaining is £112m. Year end net debt is expected to fall to around £740m.

Anticipated cash flows are set out in the table below:

£m	Net debt	Cash flow
Net debt January 2016	**850**	
Surplus cash from operations (*after* tax, capital expenditure and *ordinary* dividends but before funding additional Directory debt) (e)		+350
Special dividends / buybacks (e)		- 200
Financing for additional Directory debt (e)		- 40
Net debt January 2017 (e)	**740**	

BONDS AND BANK FACILITIES

Our balance sheet is financed through total facilities of £1,338m, made up of £788m of bonds and £550m of committed bank facilities. In October 2016, our £213m bond matures and during the year we intend to replace this with a further bond of between £250m and £350m.

When and if we issue a replacement bond, we are likely to have bonds and facilities comfortably in excess of our peak borrowing requirements. We are not currently planning to use any of these surplus facilities to fund further buybacks in excess of our surplus cash flow, however we would not want to rule out further buybacks in the event market conditions were favourable. Such buybacks would be subject to our usual constraints that:

- We believe them to be in the interests of shareholders generally
- We do not jeopardise our investment grade credit rating
- Shares are purchased below our buyback price limit (which currently remains at £69.62 based on an Equivalent Rate of Return of 8%)

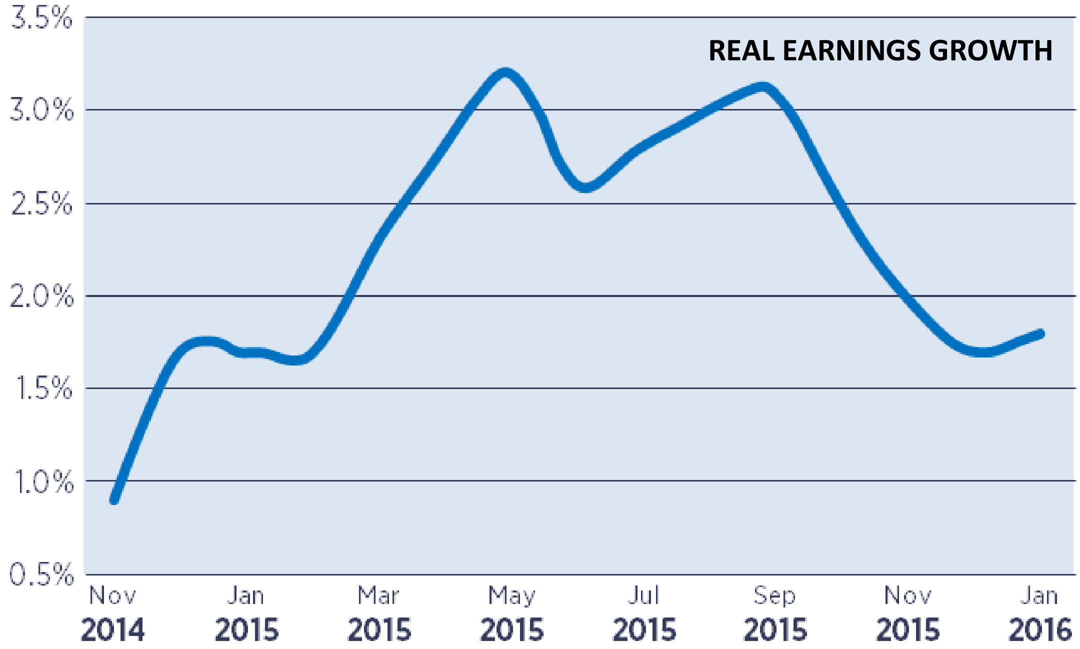
FINAL DIVIDEND

We have proposed a final ordinary dividend of 105p, to be paid on 1 August 2016 and taking the total ordinary dividends for the year to 158p. The increase on last year's 150p is broadly in line with growth in EPS. Shares will trade ex-dividend from 7 July 2016 and the record date will be 8 July 2016.

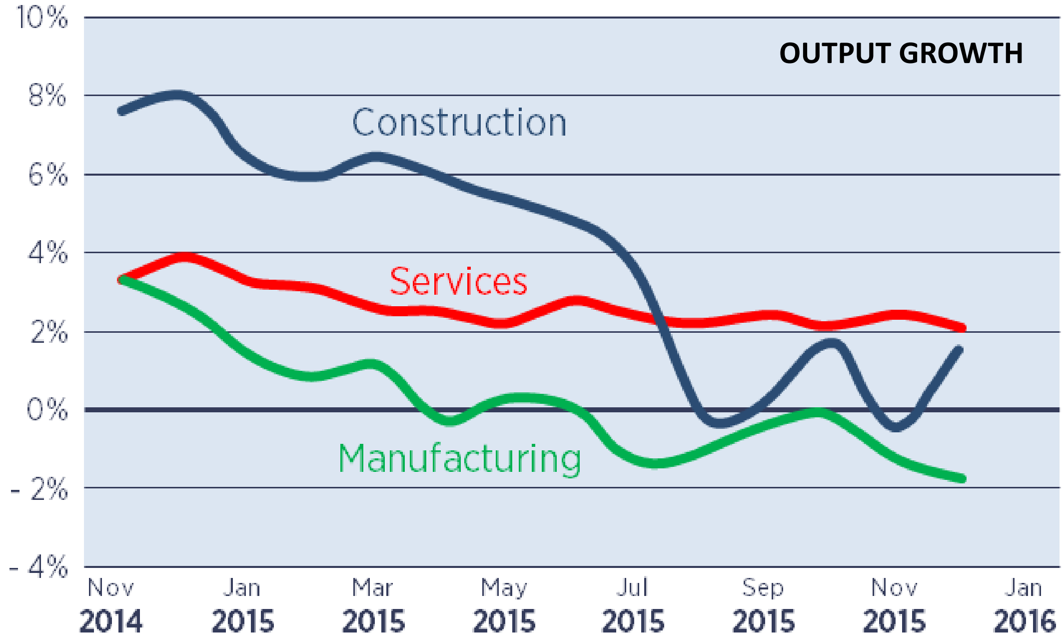
OUTLOOK FOR 2016/17

CONSUMER ECONOMY

The outlook for consumer spending does not look as benign as it was at this time last year. Although employment rates are at record highs, growth in real earnings (the difference between wage growth and inflation) slowed markedly from September last year. In addition, growth in output across services, manufacturing and construction all decelerated throughout the course of the year.

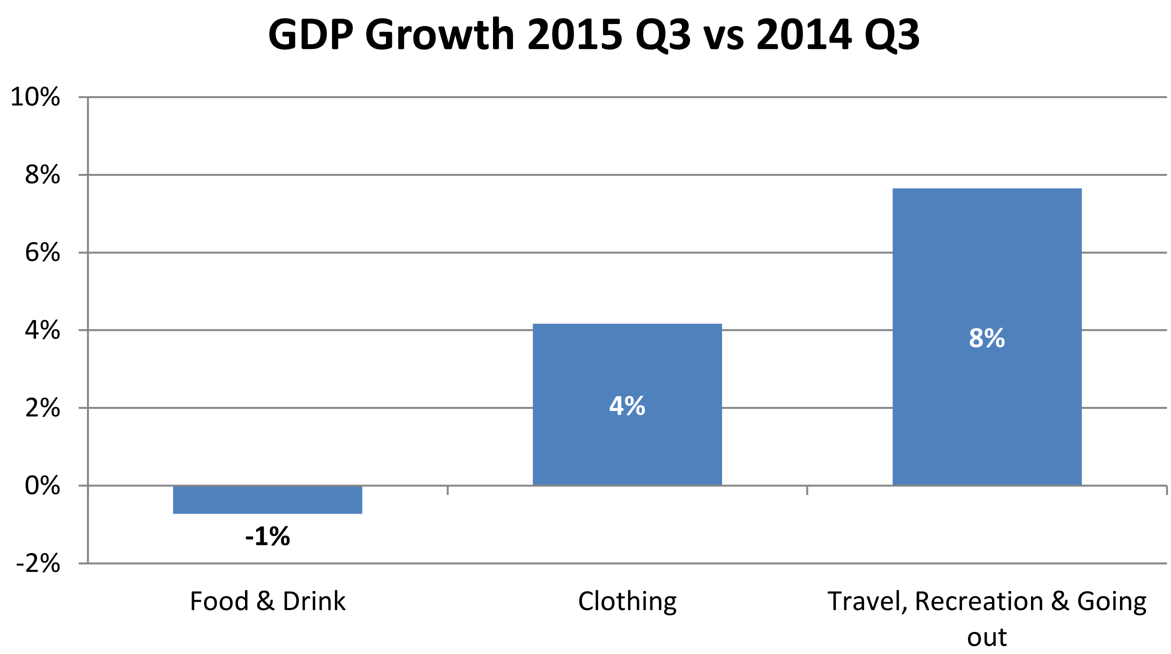


Growth in Real Earnings (Earnings growth less CPI) Source: ONS March 2016



Source: HM Treasury Pocket Databank February 2016

In addition to our generally more cautious outlook for the economy, we also believe that there *may* be a cyclical move away from spending on clothing back into areas that suffered the most during the credit crunch. Looking at the latest available figures for consumer spending, which were for Q3 2015, the graph below shows growth in spending for groceries, clothing and travel, recreation, and going out[4]. Although Q3 2015 was a good quarter for clothing, it can clearly be seen that growth in experience related expenditure such as eating out, travel and recreation was much stronger.



These wider consumer and economic trends may reverse as the year progresses. However our instinct, along with the volatility of our own sales, suggest that it would be sensible to prepare for a tougher economic environment. We are therefore revising our full year guidance for sales and profits in the year ahead.

OUTLOOK FOR SALES AND PROFIT

We now expect NEXT Brand full price sales growth for the full year to be between -1.0% to +4.0%, with a mid-point of +1.5%. At this stage in the year there is inevitably a high degree of uncertainty and we recognise that there is an upside risk to the numbers if we have a colder winter (the fourth quarter of last year being unusually warm). However at this stage we think it is best to prepare ourselves for what could be a difficult year.

[4] Source ONS COICOP tables. "Going out" includes: culture, restaurants, hotels and tourism

Our sales and profit guidance for the year ahead is shown in the table below.

Guidance Estimates **Year to January 2017 (52 v 52 week basis)**	**Lower end of guidance**	**Upper end of guidance**
Total full price NEXT Brand sales growth	- 1.0%	+4.0%
Group profit before tax	£784m	£858m
Group profit before tax growth	- 4.5%	+4.5%
Ordinary dividend yield [5]	2.3%	2.3%
Special dividend yield / share buybacks	~ 3.0%	~ 3.0%
Total Shareholder Returns	**1%**	**10%**

FIRST QUARTER TRADING UPDATE

Our next statement will cover the thirteen weeks to 30 April and is scheduled for Wednesday 4 May 2016.

SUMMARY

It looks as though we may be set for a challenging year, with economic and cyclical factors potentially working against us. We are very clear about where we need to focus our energies in the year ahead.

- Continue our efforts to improve our buying processes, pushing the boundaries of what we can achieve in terms of design and quality.
- Upgrade the UK Directory business, developing new ways of recruiting customers, stimulating sales from existing customers, presenting our website, personalising our offer and improving our delivery service.
- Continue to develop Directory's two growth businesses – LABEL and Overseas.
- Develop and profitably expand our UK retail store network.
- Control costs through innovation.

In many ways we have more to do than ever before with complex challenges to our working practices across product, marketing and systems. It may well feel like walking up the down escalator, with a great deal of effort required to stand still. It will not be the first time we have felt this way, and our experience is that the effort put into improving the business in tough times can pay handsome rewards when conditions improve.

Lord Wolfson of Aspley Guise
Chief Executive
24 March 2016

[5] Dividend yield is based on dividends expected to be declared for the year. Yields are expressed as a percentage of our average share price during the first month of this financial year, which was £67.66.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	53 weeks to 30 January 2016 £m	52 weeks to 24 January 2015 £m
Revenue	**4,176.9**	3,999.8
Cost of sales	**(2,724.2)**	(2,656.4)
Gross profit	**1,452.7**	1,343.4
Distribution costs	**(351.6)**	(322.9)
Administrative expenses	**(229.3)**	(218.2)
Unrealised foreign exchange (losses)/gains	**(5.6)**	8.9
Trading profit	**866.2**	811.2
Share of results of associates	**1.0**	0.9
Operating profit	**867.2**	812.1
Finance income	**0.5**	0.8
Finance costs	**(31.6)**	(30.7)
Profit before tax and exceptional items	**836.1**	782.2
Exceptional items (Note 3)	**-**	12.6
Profit before taxation	**836.1**	794.8
Taxation	**(169.3)**	(159.9)
Profit for the year attributable to equity holders of the parent company	**666.8**	634.9

Earnings per share (Note 4)		
53 weeks v. 52 weeks and including exceptional items		
Basic	**450.5p**	428.3p
Diluted	**443.0p**	417.9p
Underlying earnings per share (Note 4)		
52 weeks v. 52 weeks and excluding exceptional items		
Basic	**442.5p**	419.8p
Diluted	**435.1p**	409.7p

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	53 weeks to 30 January 2016 £m	52 weeks to 24 January 2015 £m
Profit for the year	**666.8**	634.9
Other comprehensive income and expenses:		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit pension scheme	**9.7**	(34.7)
Tax relating to items which will not be reclassified	**(1.9)**	6.9
Sub-total items that will not be reclassified	**7.8**	(27.8)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(3.1)**	(6.6)
Foreign currency cash flow hedges:		
- fair value movements	**26.4**	62.8
- reclassified to the income statement	**(30.0)**	24.5
- recognised in inventories	**(13.4)**	(13.5)
Tax relating to items which may be reclassified	**3.4**	(14.1)
Sub-total items that may be reclassified	**(16.7)**	53.1
Other comprehensive (expense)/income for the year	**(8.9)**	25.3
Total comprehensive income for the year	**657.9**	660.2

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	53 weeks to 30 January 2016 £m	52 weeks to 24 January 2015 £m
Opening total equity	**321.9**	286.2
Total comprehensive income for the year	**657.9**	660.2
Share buybacks & commitments	**(49.6)**	(180.6)
ESOT share purchases & commitments	**(108.7)**	(79.8)
Shares issued by ESOT	**54.8**	42.9
Share option charge	**13.7**	13.4
Equity awards settled in cash	**-**	(3.8)
Tax recognised directly in equity	**3.7**	17.3
Equity dividends (Note 5)	**(581.9)**	(433.9)
Closing total equity	**311.8**	321.9

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	30 January 2016 £m	24 January 2015 £m
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant & equipment		**536.4**	503.3
Intangible assets		**43.7**	44.0
Interests in associates and other investments		**2.1**	2.1
Defined benefit pension surplus		**46.0**	37.9
Other financial assets	7	**57.0**	65.7
Deferred tax assets		**2.7**	13.3
		687.9	666.3
Current assets			
Inventories		**486.5**	416.8
Assets under construction		**-**	12.7
Customer and other receivables		**1,050.5**	844.3
Other financial assets	7	**38.9**	66.7
Cash and short term deposits		**66.3**	275.5
		1,642.2	1,616.0
Total assets		**2,330.1**	2,282.3
Current liabilities			
Bank loans and overdrafts		**(128.6)**	(2.8)
Corporate bonds		**(213.8)**	-
Trade payables and other liabilities		**(673.5)**	(636.5)
Dividends payable		**(88.3)**	(73.9)
Other financial liabilities	7	**(1.3)**	(109.4)
Current tax liabilities		**(65.1)**	(64.0)
		(1,170.6)	(886.6)
Non-current liabilities			
Corporate bonds		**(615.0)**	(838.2)
Provisions		**(7.3)**	(9.4)
Other financial liabilities	7	**(13.9)**	(11.8)
Other liabilities	8	**(211.5)**	(214.4)
		(847.7)	(1,073.8)
Total liabilities		**(2,018.3)**	(1,960.4)
NET ASSETS		**311.8**	321.9
EQUITY			
Share capital		**15.1**	15.3
Share premium account		**0.9**	0.9
Capital redemption reserve		**14.8**	14.6
ESOT reserve		**(208.7)**	(192.0)
Fair value reserve		**29.4**	43.0
Foreign currency translation		**(4.8)**	(1.6)
Other reserves		**(1,443.8)**	(1,443.8)
Retained earnings		**1,908.9**	1,885.6
Shareholders' equity		**311.8**	322.0
Non-controlling interest		**-**	(0.1)
TOTAL EQUITY		**311.8**	321.9

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	53 weeks to 30 January 2016 £m	52 weeks to 24 January 2015 £m
Cash flows from operating activities		
Operating profit	**867.2**	812.1
Depreciation, impairment and loss on disposal of property, plant & equipment	**117.7**	114.3
Amortisation and impairment of intangible assets	**0.3**	0.5
Share option charge less amounts settled in cash	**13.7**	9.6
Dividends from associates less share of profits	**-**	0.9
Exchange movement	**2.9**	(15.6)
Increase in inventories and assets under construction	**(57.0)**	(43.9)
Increase in customer and other receivables	**(214.5)**	(28.9)
Increase in trade and other payables	**29.4**	49.1
Net pension contributions less income statement charge	**1.6**	(2.3)
Cash generated from operations	**761.3**	895.8
Corporation taxes paid	**(153.0)**	(152.6)
Net cash from operating activities	**608.3**	743.2
Cash flows from investing activities		
Additions to property, plant & equipment	**(151.0)**	(110.2)
Movement in capital accruals	**3.5**	(3.3)
Payments to acquire property, plant & equipment	**(147.5)**	(113.5)
Proceeds from sale of property, plant & equipment	**0.2**	1.9
Payment of deferred consideration	**-**	(1.4)
Proceeds from sale of investment in associate (Note 3)	**8.0**	7.0
Net cash from investing activities	**(139.3)**	(106.0)
Cash flows from financing activities		
Repurchase of own shares	**(150.7)**	(137.9)
Purchase of shares by ESOT	**(108.7)**	(79.8)
Disposal of shares by ESOT	**53.0**	45.0
Proceeds from unsecured bank loans	**115.0**	-
Interest paid	**(30.8)**	(29.7)
Interest received	**0.6**	0.9
Payment of finance lease liabilities	**(0.1)**	(0.2)
Dividends paid (Note 5)	**(567.5)**	(434.4)
Net cash from financing activities	**(689.2)**	(636.1)
Net (decrease)/increase in cash and cash equivalents	**(220.2)**	1.1
Opening cash and cash equivalents	**272.7**	270.7
Effect of exchange rate fluctuations on cash held	**0.2**	0.9
Closing cash and cash equivalents (Note 9)	**52.7**	272.7

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The results for the financial year are for the 53 weeks to 30 January 2016 (last year 52 weeks to 24 January 2015).

The condensed consolidated financial statements for the year ended 30 January 2016 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and in accordance with the accounting policies set out in the NEXT plc Annual Report and Accounts for the year ended 24 January 2015.

The condensed consolidated financial statements are unaudited and do not constitute statutory accounts of the Company within the meaning of Section 434(3) of the Companies Act 2006. Statutory accounts for the year to January 2015 have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

Going concern

The Directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the financial statements.

2. Segmental analysis

The Group's operating segments under IFRS 8 have been determined based on the management accounts reviewed by the Board. The performance of operating segments is assessed on profits before interest and tax, excluding equity-settled share option charges recognised under IFRS 2 *Share-Based Payment* and unrealised foreign exchange gains or losses on derivatives which do not qualify for hedge accounting. The activities, products and services of the operating segments are detailed on page 22 of the 2015 Annual Report. The Property Management segment holds properties and property leases which are sub-let to other segments and external parties. Where third party branded goods are sold on a commission basis, only the commission receivable is included in statutory revenue. Total Sales represents the amount payable by the customer, excluding VAT. As the current year is a 53-week period, to aid comparability the 52-week equivalent sales and profit figures are also shown for the current year.

Segment sales and revenue

	52 weeks	**53 weeks to 30 January 2016**				
	Total sales excluding VAT £m	**Total sales excluding VAT £m**	**Commission sales adjustment £m**	**External Revenue £m**	**Internal Revenue £m**	**Total Segment Revenue £m**
NEXT Retail	***2,373.5***	**2,406.0**	**(6.1)**	**2,399.9**	**6.2**	**2,406.1**
NEXT Directory	***1,658.7***	**1,687.7**	**(29.4)**	**1,658.3**	**-**	**1,658.3**
NEXT International Retail	***74.7***	**75.9**	**-**	**75.9**	**-**	**75.9**
NEXT Sourcing	***7.0***	**7.2**	**-**	**7.2**	**675.7**	**682.9**
	4,113.9	**4,176.8**	**(35.5)**	**4,141.3**	**681.9**	**4,823.2**
Lipsy	***29.2***	**30.1**	**(1.3)**	**28.8**	**27.9**	**56.7**
Property Management	***6.6***	**6.8**	**-**	**6.8**	**197.4**	**204.2**
Total segment sales / revenue	***4,149.7***	**4,213.7**	**(36.8)**	**4,176.9**	**907.2**	**5,084.1**
Eliminations	***-***	**-**	**-**	**-**	**(907.2)**	**(907.2)**
Total	***4,149.7***	**4,213.7**	**(36.8)**	**4,176.9**	**-**	**4,176.9**

	52 weeks to 24 January 2015				
	Total sales excluding VAT £m	Commission sales adjustment £m	External Revenue £m	Internal Revenue £m	Total Segment Revenue £m
NEXT Retail	2,348.2	(6.7)	2,341.5	7.2	2,348.7
NEXT Directory	1,540.6	(20.8)	1,519.8	-	1,519.8
NEXT International Retail	86.2	-	86.2	-	86.2
NEXT Sourcing	7.5	-	7.5	593.1	600.6
	3,982.5	(27.5)	3,955.0	600.3	4,555.3
Lipsy	36.8	(0.5)	36.3	24.5	60.8
Property Management	5.6	-	5.6	196.6	202.2
Total segment sales / revenue	4,024.9	(28.0)	3,996.9	821.4	4,818.3
Third party distribution	2.9	-	2.9	-	2.9
Eliminations	-	-	-	(821.4)	(821.4)
Total	4,027.8	(28.0)	3,999.8	-	3,999.8

2. Segmental analysis (continued)

Segment profit	*52 weeks to 23 January 2016 £m*	**53 weeks to 30 January 2016 £m**	52 weeks to 24 January 2015 £m
NEXT Retail	***402.1***	**408.1**	383.8
NEXT Directory	***405.2***	**413.3**	376.8
NEXT International Retail	***10.2***	**10.4**	11.7
NEXT Sourcing	***50.5***	**51.1**	41.4
	868.0	**882.9**	813.7
Lipsy	***5.3***	**5.7**	5.1
Property Management	***7.4***	**7.5**	6.9
Total segment profit	***880.7***	**896.1**	825.7
Central costs and other	***(10.6)***	**(10.6)**	(10.0)
Share option charge	***(13.7)***	**(13.7)**	(13.4)
Unrealised foreign exchange (losses)/gains	***(5.6)***	**(5.6)**	8.9
Trading profit	***850.8***	**866.2**	811.2
Share of results of associates	***1.0***	**1.0**	0.9
Finance income	***0.5***	**0.5**	0.8
Finance costs	***(31.0)***	**(31.6)**	(30.7)
Profit before tax and exceptional items	***821.3***	**836.1**	782.2
Exceptional gains	***-***	**-**	12.6
Profit before tax	***821.3***	**836.1**	794.8

3. Exceptional items

During the previous year the Group disposed of its investment in Cotton Traders for £15m, realising a profit on disposal of £10.6m. Of the sale proceeds, £7m was received on completion and the balance of £8m was received in the year ended January 2016. In addition, in the prior year, £2m of other disposal provisions were released.

4. Earnings per share

	2016	2015
Basic earnings per share *53 weeks v. 52 weeks and including exceptional items*	**450.5p**	428.3p
Underlying basic earnings per share *52 weeks v. 52 weeks and excluding exceptional items*	**442.5p**	419.8p

Basic earnings per share is based on the profit for the year attributable to the equity holders of the parent company and the weighted average number of shares ranking for dividend less the weighted average number of shares held by the ESOT during the period.

4. Earnings per share (continued)

	2016	2015
Diluted earnings per share *53 weeks v. 52 weeks and including exceptional items*	**443.0p**	417.9p
Underlying diluted earnings per share *52 weeks v. 52 weeks and excluding exceptional items*	**435.1p**	409.7p

Diluted earnings per share is based on the weighted average number of shares used for the calculation of basic earnings per share as increased by the dilutive effect of potential ordinary shares. Dilutive shares arise from employee share option schemes where the exercise price is less than the average market price of the Company's ordinary shares during the period. Their dilutive effect is calculated on the basis of the equivalent number of nil-cost options. Where the option price is above the average market price, the option is not dilutive and is excluded from the diluted EPS calculation. There were no such non-dilutive share options in the current year (2015: 0.7m). The table below shows the key variables used in the earnings per share calculations:

	2016 £m	2015 £m
Profit after tax attributable to equity holders of the parent company	**666.8**	634.9
Less exceptional items (see Note 3)	**-**	(12.6)
Less 53rd week profit in current year (post-tax)	**(11.8)**	-
52-week underlying profit (for underlying EPS)	**655.0**	622.3
Weighted average number of shares (millions):		
Weighted average shares in issue	**152.7**	153.9
Weighted average shares held by ESOT	**(4.7)**	(5.6)
Weighted average shares for basic EPS	**148.0**	148.3
Weighted average dilutive potential shares	**2.5**	3.6
Weighted average shares for diluted EPS	**150.5**	151.9

5. Dividends

Year to January 2016

	Paid	**Pence per share**	**Cash flow statement £m**	**Statement of changes in equity £m**	**Jan 2016 balance sheet £m**
Special interim dividend	2 Feb 2015	50p	73.9	-	-
Special interim dividend	1 May 2015	60p	88.9	88.9	-
Special interim dividend	3 Aug 2015	60p	88.9	88.9	-
Final ordinary dividend for year to Jan 2015	3 Aug 2015	100p	148.1	148.1	-
Special interim dividend	2 Nov 2015	60p	88.9	88.9	-
Interim ordinary dividend for year to Jan 2016	4 Jan 2016	53p	78.8	78.8	-
Special interim dividend	1 Feb 2016	60p	-	88.3	88.3
			567.5	**581.9**	**88.3**

5. Dividends (continued)

The February 2016 special interim dividend was announced on 5 January 2016 and shares in NEXT plc traded ex-dividend from 14 January. The liability of £88.3m is recorded in the January 2016 balance sheet on the basis that it could not realistically have been cancelled after the ex-dividend date, and was paid on 1 February 2016.

Year to January 2015

	Paid	Pence per share	Cash flow statement £m	Statement of changes in equity £m	Jan 2015 balance sheet £m
Special interim dividend	3 Feb 2014	50p	74.4	-	-
Special interim dividend	1 May 2014	50p	74.5	74.5	-
Special interim dividend	1 Aug 2014	50p	74.0	74.0	-
Final ordinary dividend for year to Jan 2014	1 Aug 2014	93p	137.6	137.6	-
Interim ordinary dividend for year to Jan 2015	2 Jan 2015	50p	73.9	73.9	-
Special interim dividend	2 Feb 2015	50p	-	73.9	73.9
			434.4	**433.9**	**73.9**

6. Share buybacks

Movements in the Company's issued share capital during the year are shown in the table below:

	2016 Shares ('000s)	**2016 Cost £m**	2015 Shares ('000s)	2015 Cost £m
Shares in issue at start of year	**152,874**		155,032	
Shares purchased for cancellation in the year	**(2,204)**	**150.7**	(2,158)	137.9
Shares in issue at end of year	**150,670**		152,874	

The table below shows the movements in equity from share purchases and commitments:

	2016 Shares ('000s)	**2016 Cost £m**	2015 Shares ('000s)	2015 Cost £m
Shares purchased for cancellation in the year	**2,204**	**150.7**	2,158	137.9
Less: commitment at start of year	**(1,500)**	**(101.1)**	(1,000)	(58.4)
Add: commitment at end of year	**-**	**-**	1,500	101.1
Amount shown in statement of changes in equity		**49.6**		180.6

7. Other financial assets and liabilities

Other financial assets and other financial liabilities include the fair value of derivative contracts which the Group uses to manage its foreign currency and interest rate risks. In the previous year, other current financial liabilities at 24 January 2015 also included £101.1m arising under an irrevocable closed season buyback agreement for the purchase of the Company's own shares, all of which subsequently expired unfulfilled and was therefore credited back to equity in the current year (as shown in Note 6).

8. Other non-current liabilities

Other non-current liabilities relate to the long term element of property lease incentives received and liabilities which are not expected to be settled within one year.

9. Analysis of net debt

	January 2015 £m	Cash flow £m	Other non-cash changes £m	**January 2016 £m**
Cash and short term deposits	275.5			**66.3**
Overdrafts and short term borrowings	(2.8)			**(13.6)**
Cash and cash equivalents	272.7	(220.2)	0.2	**52.7**
Unsecured bank loans	-	(115.0)	-	**(115.0)**
Corporate bonds	(838.2)	-	9.4	**(828.8)**
Fair value hedges of corporate bonds	50.3	-	(9.1)	**41.2**
Finance leases	(0.1)	0.1	-	**-**
Total net debt	(515.3)	(335.1)	0.5	**(849.9)**

10. Final dividend and AGM

It is intended that the recommended final dividend of 105p per share will be paid on 1 August 2016 to shareholders registered on 8 July 2016, with shares trading ex-dividend from 7 July 2016. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The Annual General Meeting will be held at the Leicester Marriott Hotel, Smith Way, Grove Park, Leicester, LE19 1SW on Thursday 19 May 2016. The Annual Report and Accounts will be sent to shareholders on 19 April 2016 and copies will be available from the Company's registered office: Desford Road, Enderby, Leicester, LE19 4AT and on the Company's website at www.nextplc.co.uk.

This statement, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at www.nextplc.co.uk.

To view our range of exciting, beautifully designed clothing, footwear, accessories and Home products go to www.next.co.uk

Certain statements which appear in a number of places throughout this announcement may constitute "forward looking statements" which are all matters that are not historical facts, including anticipated financial and operational performance, business prospects and similar matters. These forward looking statements are identifiable by words such as "aim", "anticipate", "believe", "budget", "estimate", "expect", "forecast", "intend", "plan", "project" and similar expressions. These forward looking statements reflect NEXT's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward looking statements are subject to risks and uncertainties, including but not limited to those matters highlighted in the Chief Executive's review; failure by NEXT to accurately predict customer fashion preferences; decline in the demand for merchandise offered by NEXT; competitive influences; changes in level of store traffic or consumer spending habits; effectiveness of NEXT's brand awareness and marketing programmes; general economic conditions or a downturn in the retail industry; the inability of NEXT to successfully implement relocation or expansion of existing stores; insufficient consumer interest in NEXT Directory; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets. These forward looking statements do not amount to any representation that they will be achieved as they involve risks and uncertainties and relate to events and depend upon circumstances which may or may not occur in the future and there can be no guarantee of future performance. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. NEXT does not undertake any obligation to publicly update or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.