

## Notes to the interim report

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 AS RESTATED (UNAUDITED) £M	YEAR TO 31.3.2004 AS RESTATED (UNAUDITED) £M
<b>1 Segmental analysis</b>			
<b>By geographical destination</b>			
<b>Turnover:</b>			
United Kingdom	<b>173.3</b>	169.7	348.2
Rest of Europe	<b>116.2</b>	116.3	245.0
North America	<b>55.6</b>	50.8	102.2
Japan	<b>7.8</b>	6.3	14.4
Rest of World	<b>26.6</b>	25.7	49.5
	<b>379.5</b>	368.8	759.3
<b>By geographical origin</b>			
<b>Turnover:</b>			
United Kingdom	<b>180.0</b>	176.0	361.0
Rest of Europe	<b>114.3</b>	114.3	241.1
North America	<b>56.2</b>	51.2	102.8
Japan	<b>7.8</b>	6.3	14.4
Rest of World	<b>21.2</b>	21.0	40.0
	<b>379.5</b>	368.8	759.3
<b>Operating profit:</b>			
United Kingdom	<b>54.8</b>	56.8	117.8
Rest of Europe	<b>25.0</b>	21.7	51.0
North America	<b>7.5</b>	5.8	13.3
Japan	<b>0.6</b>	(0.6)	0.0
Rest of World	<b>1.8</b>	2.2	4.0
Profit contribution – before amortisation of goodwill	<b>89.7</b>	85.9	186.1
Groupwide process costs	<b>(38.1)</b>	(39.9)	(77.6)
Amortisation of goodwill – Allied (North America)	<b>(4.7)</b>	(5.3)	(10.0)
Amortisation of goodwill – RS Norway (Rest of Europe)	<b>(0.1)</b>	(0.1)	(0.2)
	<b>46.8</b>	40.6	98.3
<b>By geographical location</b>			
<b>Net assets:</b>			
United Kingdom	<b>211.8</b>	211.1	206.3
Rest of Europe	<b>67.7</b>	73.8	68.9
North America	<b>28.3</b>	26.3	23.5
Japan	<b>3.1</b>	3.1	2.4
Rest of World	<b>22.9</b>	25.1	22.2
Net operating assets	<b>333.8</b>	339.4	323.3
Net debt	<b>(61.1)</b>	(69.3)	(34.5)
Unallocated net assets	<b>84.0</b>	111.9	55.6
	<b>356.7</b>	382.0	344.4
Unallocated net assets comprise:			
Intangible fixed assets:			
Goodwill – Allied (North America)	<b>139.4</b>	162.3	141.1
Goodwill – RS Norway (Rest of Europe)	<b>0.4</b>	0.6	0.4
Other intangibles	<b>0.3</b>	–	0.3
Corporate tax	<b>(17.4)</b>	(18.4)	(19.8)
Proposed dividend	<b>(25.2)</b>	(24.3)	(54.8)
Provisions for liabilities and charges	<b>(13.5)</b>	(8.3)	(11.6)
	<b>84.0</b>	111.9	55.6

## Notes to the interim report (continued)

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 (UNAUDITED) £M	YEAR TO 31.3.2004 (UNAUDITED) £M
<b>2 Taxation on the profit of the Group</b>			
United Kingdom taxation	9.9	10.9	23.6
Overseas taxation	5.0	2.2	7.4
	<b>14.9</b>	13.1	31.0

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 (UNAUDITED) £M	YEAR TO 31.3.2004 AS RESTATED (UNAUDITED) £M
<b>3 Earnings per share</b>			
Profit on ordinary activities after taxation	31.8	26.8	65.9
Amortisation of goodwill (excluding tax effect)	4.8	5.4	10.2
Profit on ordinary activities after taxation and before amortisation of goodwill	36.6	32.2	76.1
Weighted average number of shares	434.9m	434.9m	434.9m
Basic earnings per share			
Before amortisation of goodwill	8.4p	7.4p	17.5p
After amortisation of goodwill	7.3p	6.2p	15.2p

**4 Interim dividend**

The timetable for the payment of the interim dividend is:

Ex-dividend date	15 December 2004
Dividend record date	17 December 2004
Dividend payment date	20 January 2005

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 (UNAUDITED) £M	YEAR TO 31.3.2004 AS RESTATED (UNAUDITED) £M
<b>5 Reconciliation of movements in shareholders' funds</b>			
Profit for the period	31.8	26.8	65.9
Dividends	(25.2)	(24.3)	(79.1)
Retained profit (loss) for the period	6.6	2.5	(13.2)
Translation differences	5.7	(7.3)	(29.2)
New share capital subscribed	–	0.1	0.1
Net addition (reduction) to equity	12.3	(4.7)	(42.3)
Equity shareholders' funds as originally stated	345.7	388.2	388.2
Prior year adjustment: implementation of UITF 38	(1.3)	(1.5)	(1.5)
Equity shareholders' funds at the beginning of the period	344.4	386.7	386.7
Equity shareholders' funds at the end of the period	356.7	382.0	344.4

## 6 Prior year adjustment: Implementation of UITF 38

The Group adopted UITF 38 Accounting for ESOP Trusts, effective from 22 June 2004, in the current year. This abstract requires that own shares held be disclosed as equity rather than as an asset. A prior year adjustment has been made in the current year to reflect this change.

The effect of the change in accounting policy has been to increase operating profit in the current and prior periods, as set out below.

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 (UNAUDITED) £M	YEAR TO 31.3.2004 (UNAUDITED) £M
Operating profit	<b>0.1</b>	—	0.2
Profit for the period	<b>0.1</b>	—	0.2

The adjustments to investments at 30 September 2003 and at 31 March 2004 are as follows:

	30.9.2003 £M	31.3.2004 £M
Investments	(1.5)	(1.3)
Equity shareholders' funds	(1.5)	(1.3)

## 7 Reconciliation of net cash flow to movement in net debt

	6 MONTHS TO 30.9.2004 (UNAUDITED) £M	6 MONTHS TO 30.9.2003 (UNAUDITED) £M	YEAR TO 31.3.2004 (UNAUDITED) £M
Increase in cash	<b>16.8</b>	6.2	8.1
Management of liquid resources	<b>(40.6)</b>	(13.1)	41.6
Financing – loans	<b>(2.7)</b>	(17.0)	(42.0)
Change in net debt relating to cash flows	<b>(26.5)</b>	(23.9)	7.7
Translation differences	<b>(0.1)</b>	1.5	4.7
Movement in net debt for the period	<b>(26.6)</b>	(22.4)	12.4
Net debt at the beginning of the period	<b>(34.5)</b>	(46.9)	(46.9)
Net debt at the end of the period	<b>(61.1)</b>	(69.3)	(34.5)
Net debt at the end of the period comprises:			
Cash at bank and in hand	<b>24.9</b>	9.4	7.9
Overdrafts	<b>(0.7)</b>	(0.9)	(0.7)
Current instalments of loans	<b>(27.4)</b>	(22.2)	(24.2)
Loans repayable after more than one year	<b>(82.9)</b>	(66.6)	(82.9)
Current asset investments	<b>25.0</b>	11.0	65.4
	<b>(61.1)</b>	(69.3)	(34.5)

## Notes to the interim report (continued)

<b>8 Principal exchange rates</b>	<b>6 MONTHS TO 30.9.2004</b>	<b>6 MONTHS TO 30.9.2003</b>	<b>YEAR TO 31.3.2004</b>
<b>Average for the period</b>			
Euro	<b>1.49</b>	1.43	1.44
Japanese Yen	<b>198</b>	190	192
United States Dollar	<b>1.82</b>	1.62	1.70
	<b>30.9.2004</b>	30.9.2003	31.3.2004
<b>Period end</b>			
Euro	<b>1.46</b>	1.43	1.50
Japanese Yen	<b>199</b>	185	193
United States Dollar	<b>1.81</b>	1.66	1.85

**9 Basis of preparation**

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards, using the accounting policies set out in the Annual Report for the year ended 31 March 2004, except for the adoption in the period of UITF 38 Accounting for ESOP Trusts.

The financial information included in this document does not comprise statutory accounts within the meaning of Section 240 of Companies Act 1985. The statutory accounts for the year to 31 March 2004 have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The interim financial information is unaudited but has been subject to a limited review by KPMG Audit Plc.