

**Unaudited interim consolidated profit and loss account**

for the periods ended 28 July 2001

		13 weeks ended 28 July 2001	13 weeks ended 29 July 2000	26 weeks ended 28 July 2001	26 weeks ended 29 July 2000	52 weeks ended 27 January 2001
	Notes	£m	£m	£m	£m	£m
<b>Sales</b>	2,3	<b>317.2</b>	271.9	<b>629.7</b>	525.7	1,387.3
<b>Operating profit</b>	3	<b>27.1</b>	24.7	<b>50.1</b>	44.0	178.7
Net interest payable and similar charges		<b>(4.8)</b>	(2.9)	<b>(9.9)</b>	(5.3)	(15.9)
<b>Profit on ordinary activities before taxation</b>		<b>22.3</b>	21.8	<b>40.2</b>	38.7	162.8
Tax on profit on ordinary activities	4	<b>(7.7)</b>	(7.0)	<b>(13.9)</b>	(12.4)	(52.1)
<b>Profit for the financial period</b>		<b>14.6</b>	14.8	<b>26.3</b>	26.3	110.7
Dividends	6	<b>(4.9)</b>	(4.6)	<b>(4.9)</b>	(4.6)	(27.4)
Retained profit attributable to ordinary shareholders		<b>9.7</b>	10.2	<b>21.4</b>	21.7	83.3
<b>Earnings per ordinary share - basic</b>	7	<b>0.9p</b>	0.9p	<b>1.6p</b>	1.6p	6.6p
<b>- diluted</b>		<b>0.8p</b>	0.9p	<b>1.5p</b>	1.6p	6.5p

All of the above relates to continuing activities.

**Unaudited consolidated balance sheet**

at 28 July 2001

	Notes	28 July 2001 £m	29 July 2000 £m	27 January 2001 £m
<b>Fixed Assets</b>				
Intangible assets		24.6	-	24.8
Tangible assets		198.1	148.9	182.9
		<b>222.7</b>	148.9	207.7
<b>Current Assets</b>				
Stocks		503.9	421.1	513.8
Debtors (see note below)		331.8	257.2	374.3
Cash at bank and in hand		55.8	77.5	37.5
		<b>891.5</b>	755.8	925.6
<b>Creditors: amounts falling due within one year</b>		<b>(444.9)</b>	(211.3)	(496.4)
Bank loans and overdrafts		(277.7)	(29.6)	(212.1)
Other		(167.2)	(181.7)	(284.3)
<b>Net current assets</b> (see note below)		<b>446.6</b>	544.5	429.2
<b>Total assets less current liabilities</b>		<b>669.3</b>	693.4	636.9
<b>Creditors: amounts falling due after more than one year</b>		<b>(58.7)</b>	(181.1)	(58.2)
Debt		(50.8)	(175.8)	(41.1)
Other		(7.9)	(5.3)	(17.1)
<b>Provisions for liabilities and charges</b>		<b>(6.9)</b>	(10.6)	(7.1)
<b>Total net assets</b>		<b>603.7</b>	501.7	571.6
<b>Capital and reserves – equity</b>				
Called up share capital		8.5	8.5	8.5
Reserves		595.2	493.2	563.1
<b>Shareholders' funds</b>	8	<b>603.7</b>	501.7	571.6

**Note:** Debtors and net current assets include amounts recoverable after more than one year of £23.5m (29 July 2000: £19.1m, 27 January 2001: £23.4m).

**Unaudited consolidated statement of total recognised gains and losses**

for the periods ended 28 July 2001

	13 weeks ended 28 July 2001 £m	13 weeks ended 29 July 2000 £m	26 weeks ended 28 July 2001 £m	26 weeks ended 29 July 2000 £m	52 weeks ended 27 January 2001 £m
Profit for the financial period	14.6	14.8	26.3	26.3	110.7
Translation differences	(0.4)	10.0	7.1	25.5	77.2
<b>Total recognised gains and losses</b>	<b>14.2</b>	24.8	<b>33.4</b>	51.8	187.9

**Unaudited consolidated cashflow statement**

for the periods ended 28 July 2001

	13 weeks ended 28 July 2001	13 weeks ended 29 July 2000	26 weeks ended 28 July 2001	26 weeks ended 29 July 2000	52 weeks ended 27 January 2001
	£m	£m	£m	£m	£m
<b>Net cash inflow from operating activities</b>	<b>43.9</b>	33.2	<b>58.5</b>	45.3	132.1
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(4.9)</b>	(2.9)	<b>(10.2)</b>	(5.3)	(16.1)
<b>Taxation</b>	<b>(11.9)</b>	(9.0)	<b>(37.7)</b>	(29.8)	(50.9)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(15.1)</b>	(9.8)	<b>(27.8)</b>	(17.8)	(54.0)
<b>Purchase of subsidiary undertaking</b>	-	-	-	-	(107.5)
<b>Equity dividends paid</b>	<b>(22.8)</b>	(20.2)	<b>(22.8)</b>	(20.2)	(24.8)
<b>Cash outflow before use of liquid resources and financing</b>	<b>(10.8)</b>	(8.7)	<b>(40.0)</b>	(27.8)	(121.2)
<b>Management of liquid resources – (increase)/decrease in bank deposits</b>	<b>(4.6)</b>	4.8	<b>(15.7)</b>	14.8	57.0
<b>Cash inflow from financing</b>	<b>15.2</b>	10.6	<b>59.0</b>	9.8	52.2
<b>(Decrease)/increase in cash in the period</b>	<b>(0.2)</b>	6.7	<b>3.3</b>	(3.2)	(12.0)

**Reconciliation of net cashflow to movement in net debt**

<b>(Decrease)/increase in cash in the period</b>	<b>(0.2)</b>	6.7	<b>3.3</b>	(3.2)	(12.0)
Cash inflow from increase in debt	<b>(13.6)</b>	(10.6)	<b>(55.4)</b>	(9.8)	(50.2)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	<b>4.6</b>	(4.8)	<b>15.7</b>	(14.8)	(57.0)
<b>Change in net debt resulting from cashflows</b>	<b>(9.2)</b>	(8.7)	<b>(36.4)</b>	(27.8)	(119.2)
Translation difference	<b>(4.9)</b>	(3.3)	<b>(7.2)</b>	(8.5)	(18.3)
<b>Movement in net debt in the period</b>	<b>(14.1)</b>	(12.0)	<b>(43.6)</b>	(36.3)	(137.5)
<b>Opening net debt</b>	<b>(258.6)</b>	(115.9)	<b>(229.1)</b>	(91.6)	(91.6)
<b>Closing net debt</b>	<b>(272.7)</b>	(127.9)	<b>(272.7)</b>	(127.9)	(229.1)

**Reconciliation of operating profit to operating cashflow**

Operating profit	<b>27.1</b>	24.7	<b>50.1</b>	44.0	178.7
Depreciation and amortisation charges	<b>8.1</b>	7.3	<b>15.4</b>	13.4	30.6
Profit on sale of tangible fixed assets	-	-	-	(1.0)	(1.4)
Decrease/(increase) in stocks	<b>27.7</b>	(10.1)	<b>18.4</b>	(32.1)	(81.7)
Decrease/(increase) in debtors	<b>14.0</b>	5.8	<b>48.7</b>	28.6	(22.5)
(Decrease)/increase in creditors	<b>(32.7)</b>	6.3	<b>(73.8)</b>	(6.6)	29.8
Decrease in other provisions	<b>(0.3)</b>	(0.8)	<b>(0.3)</b>	(1.0)	(1.4)
<b>Net cash inflow from operating activities</b>	<b>43.9</b>	33.2	<b>58.5</b>	45.3	132.1

**Notes to the unaudited interim financial results**

for the periods ended 28 July 2001

**1. Basis of preparation**

These interim financial statements are unaudited, but have been subject to a review by the auditors. They do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. They have been prepared on a basis which is consistent with the financial statements for the year ended 27 January 2001. The comparative figures included in this document for the 52 weeks ended 27 January 2001 and at that date are not the Company's statutory accounts for that period. Those accounts have been reported on by the Company's auditors under Section 235 of the Companies Act 1985 and have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the Companies Act 1985.

**2. Sales**

Sales represent net sales to customers outside the Group, exclusive of value added and sales taxes.

**3. Segmental information**

	13 weeks ended 28 July 2001 £m	13 weeks ended 29 July 2000 £m	26 weeks ended 28 July 2001 £m	26 weeks ended 29 July 2000 £m	52 weeks ended 27 January 2001 £m
<b>Sales by origin and destination</b>					
UK, Channel Islands & Republic of Ireland	86.4	79.9	166.8	152.8	409.2
US	230.8	192.0	462.9	372.9	978.1
	<b>317.2</b>	271.9	<b>629.7</b>	525.7	1,387.3
<b>Operating profit/(loss)</b>					
UK, Channel Islands & Republic of Ireland					
- Trading	4.0	2.9	4.7	2.3	50.0
- Group central costs (see note 1 below)	(1.3)	(1.3)	(2.7)	(1.8)	(3.5)
	2.7	1.6	2.0	0.5	46.5
US (see note 2 below)	24.4	23.1	48.1	43.5	132.2
	<b>27.1</b>	24.7	<b>50.1</b>	44.0	178.7

The Group's results derive from one business segment - the retailing of jewellery, watches and gifts.

**Notes:**

- Group central costs for the 26 weeks ended 28 July 2001 include profits of £nil from property disposals (2000 equivalent period: £1.0m; 52 weeks ended 27 January 2001: £1.4m).
- US operating profit for the 26 weeks ended 28 July 2001 includes goodwill amortisation of £0.6m (2000 equivalent period: £nil; 52 weeks ended 27 January 2001: £0.6m).

**Notes to the unaudited interim financial results**

for the periods ended 28 July 2001

**4. Taxation**

The net taxation charges in the profit and loss account for the 13 weeks and 26 weeks to 28 July 2001 have been based on the anticipated effective taxation rate for the 53 weeks ending 2 February 2002.

**5. Translation differences**

The exchange rates used for the translation of US dollar transactions and balances in these interim statements are as follows:

	<b>28 July 2001</b>	29 July 2000	27 January 2001
Profit and loss account (average rate)	<b>1.43</b>	1.55	1.49
Balance sheet (closing rate)	<b>1.43</b>	1.50	1.46

The effect of restating the balance sheet at 29 July 2000 to the exchange rates ruling at 28 July 2001 would be to increase net debt by £13.4m to £141.3m. Restating the profit and loss account would increase the operating profit for the 26 weeks ended 29 July 2000 by £3.7m to £47.7m and the profit before taxation for the 26 weeks ended 29 July 2000 by £3.1m to £41.8m.

**6. Dividend**

The dividend of 0.289p per ordinary share will be paid on 9 November 2001 to shareholders on the register of members at close of business on 12 October 2001.

**7. Earnings per share**

	<b>13 weeks ended 28 July 2001 £m</b>	13 weeks ended 29 July 2000 £m	<b>26 weeks ended 28 July 2001 £m</b>	26 weeks ended 29 July 2000 £m	52 weeks ended 27 January 2001 £m
Profit attributable to ordinary shareholders	<b>14.6</b>	14.8	<b>26.3</b>	26.3	110.7
Weighted average number of ordinary shares in issue (m)	<b>1,690.3</b>	1,676.1	<b>1,686.7</b>	1,676.1	1,676.8
Dilutive effect of share options (m)	<b>21.8</b>	16.6	<b>19.6</b>	16.6	13.9
Diluted weighted average ordinary shares (m)	<b>1,712.1</b>	1,692.7	<b>1,706.3</b>	1,692.7	1,690.7
Earnings per 0.5p ordinary share - basic	<b>0.9p</b>	0.9p	<b>1.6p</b>	1.6p	6.6p
Earnings per 0.5p ordinary share - diluted	<b>0.8p</b>	0.9p	<b>1.5p</b>	1.6p	6.5p

The number of 0.5p ordinary shares in issue at 28 July 2001 was 1,695,476,535 (29 July 2000: 1,679,968,444 shares; 27 January 2001: 1,685,736,670 shares).

**Notes to the unaudited interim financial results**

for the periods ended 28 July 2001

**8. Changes in shareholders' equity**

	Ordinary share capital	Deferred share capital	Share premium account	Revaluation reserve	Special reserves	Profit and loss account	Total
	£m	£m	£m	£m	£m	£m	£m
Balance at 27 January 2001	8.4	0.1	38.3	0.9	51.2	472.7	571.6
Retained profit	-	-	-	-	-	21.4	21.4
Share options exercised	-	-	3.6	-	-	-	3.6
Translation differences	-	-	-	-	(9.6)	16.7	7.1
<b>Balance at 28 July 2001</b>	<b>8.4</b>	<b>0.1</b>	<b>41.9</b>	<b>0.9</b>	<b>41.6</b>	<b>510.8</b>	<b>603.7</b>

**9. Post balance sheet event**

On 30 August 2001 the Group entered into a \$410 million unsecured multi-currency five year revolving credit facility agreement. This replaced the \$250 million and \$100 million facilities which were due to expire in July 2003. The terms of this new facility agreement are broadly similar to those of the facilities being replaced.

## **Independent review report by KPMG Audit Plc to Signet Group plc**

### **Introduction**

We have been instructed by the Company to review the financial information set out on pages 5 to 10 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of Interim Financial Information* issued by the Auditing Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 13 weeks and 26 weeks ended 28 July 2001.

### **KPMG Audit Plc**

Chartered Accountants  
London

**5 September 2001**

**Reconciliation of UK GAAP to US GAAP**

for the periods ended 28 July 2001

Details of the estimated effect on the Group's consolidated profit and shareholders' funds of the differences between UK GAAP and US GAAP are as follows:

**Estimated effect on profit for the financial periods of differences between UK and US GAAP**

	<b>13 weeks ended 28 July 2001 £m</b>	13 weeks ended 29 July 2000 £m	<b>26 weeks ended 28 July 2001 £m</b>	26 weeks ended 29 July 2000 £m	52 weeks ended 27 January 2001 £m
Profit for the financial period in accordance with UK GAAP	<b>14.6</b>	14.8	<b>26.3</b>	26.3	110.7
US GAAP adjustments:					
Goodwill amortisation and write off	<b>(2.8)</b>	(3.1)	<b>(6.1)</b>	(6.2)	(12.0)
Sale and leaseback transactions	<b>0.3</b>	0.1	<b>0.6</b>	0.3	0.6
Extended service plan revenues	<b>(0.8)</b>	(0.3)	<b>(0.7)</b>	(1.3)	(5.0)
Pensions	<b>1.0</b>	0.8	<b>2.0</b>	1.5	4.0
Depreciation of properties	-	-	-	-	0.1
Stock compensation	<b>(0.2)</b>	1.0	<b>(0.5)</b>	0.9	(1.7)
US GAAP adjustments before taxation	<b>(2.5)</b>	(1.5)	<b>(4.7)</b>	(4.8)	(14.0)
Taxation	<b>(0.1)</b>	(0.2)	<b>(0.5)</b>	(0.1)	0.4
US GAAP adjustments after taxation	<b>(2.6)</b>	(1.7)	<b>(5.2)</b>	(4.9)	(13.6)
Net income attributable to ordinary shareholders in accordance with US GAAP	<b>12.0</b>	13.1	<b>21.1</b>	21.4	97.1
Income per ADS in accordance with US GAAP:					
- basic	<b>21.3p</b>	23.4p	<b>37.5p</b>	38.3p	173.7p
- diluted	<b>21.0p</b>	23.2p	<b>37.0p</b>	37.9p	172.2p
Weighted average number of ADSs outstanding (m)					
- basic	<b>56.3</b>	55.9	<b>56.2</b>	55.9	55.9
- diluted	<b>57.1</b>	55.9	<b>57.0</b>	55.9	56.4

**Estimated cumulative effect on shareholders' funds of differences between UK and US GAAP**

	<b>28 July 2001 £m</b>	29 July 2000 £m	27 January 2001 £m
Shareholders' funds in accordance with UK GAAP	<b>603.7</b>	501.7	571.6
US GAAP adjustments:			
Goodwill in respect of acquisitions (gross)	<b>590.3</b>	568.4	581.7
Consideration adjustment to goodwill	<b>(49.9)</b>	(47.8)	(48.8)
Accumulated goodwill amortisation	<b>(172.3)</b>	(154.8)	(164.8)
Goodwill adjustment	<b>(24.3)</b>	(23.2)	(23.8)
Sale and leaseback transactions	<b>(10.7)</b>	(11.6)	(11.3)
Extended service plan revenues	<b>(13.9)</b>	(9.0)	(12.9)
Pensions	<b>11.4</b>	6.9	9.4
Depreciation of properties	<b>(2.9)</b>	(3.0)	(2.9)
Revaluation of properties	<b>(0.9)</b>	(0.9)	(0.9)
Dividends	<b>4.9</b>	4.6	22.8
US GAAP adjustments before taxation	<b>331.7</b>	329.6	348.5
Taxation	<b>4.6</b>	4.8	5.1
US GAAP adjustments after taxation	<b>336.3</b>	334.4	353.6
Shareholders' funds in accordance with US GAAP	<b>940.0</b>	836.1	925.2