

# interim report 2003

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## operational highlights

Good progress in five key turnaround projects

Improvement in product quality and availability  
has resulted in good trading performance

High street store trials successfully completed  
and phase two fully underway

Distribution working effectively and cost  
reduction ahead of schedule

Further rationalisation of supply chain achieved

Continuing good performance from Mothercare  
Direct and Mothercare International

## current trading

Like-for-like UK store sales for the five weeks  
to 14 November were up 4.6 per cent

Gross margin improvement sustained

Company sales up 4.1 per cent to £237.3 million (2002 – £228.0 million)

Like-for-like UK store sales up 6.4 per cent (2002 – down 2.1 per cent)

Gross margins up 5.9 percentage points to 46.9 per cent (2002 – 41.0 per cent)

Operating profit £9.5 million (2002 – loss £9.9 million)

Non-operating exceptional credit of £3.8 million relating to property disposals

Profit before tax £13.4 million (2002 – loss before tax £10.0 million)

Basic earnings per share 20.0p (2002 – 0.0p)

Earnings per share (before exceptional items) 13.1p (2002 – loss per share 14.9p)

Net cash balances of £28.4 million (2002 – net debt of £0.9 million)

We are encouraged by the performance of Mothercare in the first half of the year. The results demonstrate that we are making good progress in delivering our turnaround plans and that improvements in our product ranges have been well received by our customers.

Trading for the first five weeks into the second half has got off to a good start. However, we do have the key Christmas trading period ahead of us and face tougher comparatives as we move forward. We are in the first year of a three year turnaround, so much remains to be done to achieve a sustained recovery and continued profit growth.

Our objectives for the first half of the year were to complete the stabilisation of the business and to get the turnaround programme fully underway.

We have achieved our stabilisation goal and are now implementing our turnaround plans. The results for the period show that we are making progress with the turnaround, however, the performance in the first half of last year was particularly weak and we have the key trading period of Christmas and the end of season sale ahead of us.

We are less than a year into a three year turnaround programme. We are determined to see through the actions necessary to fully revitalise and re-engineer this business as the foundation for longer-term growth. This will involve significant short-term revenue investment in our business – particularly in the areas of central infrastructure, store staffing and training.

We have achieved much in a short period of time but there is still much to do. I would like to thank all those who work at Mothercare for their excellent contribution during this period.

### Results summary

The results for the first half of the year show an operating profit of £9.5 million compared to an operating loss of £9.9 million in the first half of last year. The underlying operating profit, excluding non-trading items and operating exceptional items, was £8.6 million (2002 – loss of £8.8 million). This substantial improvement in profitability has been achieved through increasing sales and gross margins whilst also reducing distribution costs. All the divisions of our business showed good improvements in profitability in the period.

Further details are provided in the financial review.

### Strategy

In May we outlined our strategy for the recovery of Mothercare which is in three stages: the stabilisation of the business, the turnaround of performance and the longer-term future.

### Stabilisation

The stabilisation stage is now complete with distribution performing effectively, at much reduced cost, a significantly strengthened

cash position and overall a good trading performance that has led to an encouraging improvement in sales and gross margin.

A key factor in stabilising the business has been the establishment of a new management team to lead the recovery of our business.

### Turnaround

Our turnaround plan is focused on five key priorities: store proposition, product and sourcing, supply chain, customer service and our infrastructure.

### Store proposition

One of our key priorities has been to define the proposition for the high street. In April we launched trials of two propositions, *Mothercare Lite* and *Mother and Baby*, which had a different merchandise mix. As part of the trials we also experimented with a number of different refit investment levels.

The most successful format was *Mothercare Lite*. Overall the five *Mothercare Lite* trial stores achieved a sales growth of 20 per cent which was 12 per cent above the average of our high street stores. The *Mothercare Lite* stores achieved a cash return on investment, on an annualised basis for the six month trial, in excess of 20 per cent.

Customer feedback also demonstrated that the *Mothercare Lite* proposition is the most appealing. We have therefore instigated a

second stage trial (known internally as *Superlite*) that builds on the *Mothercare Lite* proposition and the findings from the store refit trials. The new trials are taking place in 13 stores, comprising eight new refits and five conversions from stage one refits. The results will be reviewed after Christmas. Following any necessary fine-tuning we will commence a phased roll-out in the spring of 2004 and anticipate that it should be completed by March 2006.

The planning for the next stage of refits has highlighted the poor condition of the majority of our high street portfolio, which has suffered from under-investment over many years. In addition to the 'customer facing' refit work, we will therefore need to undertake some refurbishment work to improve the fabric of the estate. The total cost of the roll-out of our new high street concept and refurbishment programme is now expected to be £20 million over the three year period, an average of some £25 per square foot.

Our out-of-town stores continue to perform satisfactorily and benefit from the improvements in our customer offer. The next step for out-of-town stores will be to define a clearer and more profitable proposition.

### Product and sourcing

We have made solid progress with improving our product range, particularly clothing. The new Autumn/Winter range has

Stores – at 11 October 2003

	Stores	Total selling area (000's sq ft)
Out-of-town	68	1,107
High street	167	773
<b>Total UK stores</b>	<b>235</b>	<b>1,880</b>
International (franchise stores)*	188	444
<b>Total</b>	<b>423</b>	<b>2,324</b>

	Europe	Middle East	Far East	Other	Total
*International franchise stores	78	66	40	4	188

Stores – at 12 October 2002

	Stores	Total selling area (000's sq ft)
<b>Total UK stores</b>	<b>247</b>	<b>1,966</b>
<b>Total (incl. International)</b>	<b>413</b>	<b>2,366</b>

taken a good step forward in both design and quality and the positive customer reaction is shown in our trading performance. We have also continued our sourcing programme to buy a narrower product range in greater depth which has been a major factor in the improvement in gross margin to 46.9 per cent.

We still have much to do to improve our overall product offer. We will continue to focus on improving design and quality.

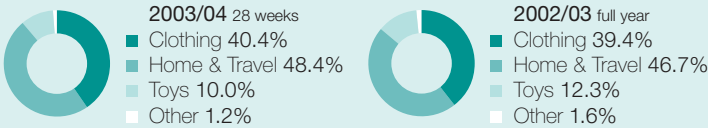
Supply chain

Our logistics network has continued to perform well. Evidence of this progress is that we have reduced distribution costs as a percentage of sales to 6.5 per cent for the first half year, ahead of plan. Improvements to the supply chain have also helped to increase availability from 65 per cent in January to some 80 per cent now and we continue to work hard to improve this further.

As we indicated in May, we have integrated our Mothercare Supply warehouse in Lutterworth into our Daventry warehouse. This major warehouse move was achieved on time, within budget and without disruption and has resulted in reduced distribution costs and a shortening of our supply chain.

In the short term we continue to improve the efficiency of the current operations. Our longer-term focus is to complete our review to determine the best route by product

## Product % of total UK sales



category from factory to customer so that we can achieve seamless and cost effective delivery of products.

### Customer service

Significantly improving customer service is a key step in turning around Mothercare's performance. We recognise such a change will take time to complete effectively and will require additional training and investment. Over the last six months we have introduced a number of initiatives to raise service standards across the chain. These include a reduction in administrative tasks placed on our staff and improved staff scheduling to ensure that customer needs come first and experienced staff are available at key points of the day, particularly at weekends. Underpinning these improvements will be the introduction of uniform store standards to ensure better visual merchandising and timely product replenishment.

### Infrastructure

The lack of investment in the infrastructure of Mothercare has been a major factor in the historic under-performance of the business. We have initiated change programmes to ensure the improvements to systems and procedures are properly prioritised and effectively implemented.

Our first priority is to implement a modern merchandise planning system which will allow us to plan and manage our product ranges more effectively. A new system has been selected. A major project has been put in

place to deliver this change in spring 2004.

The replacement of our store EPOS systems is also a key priority, to provide a reliable platform as the basis for improvements to customer service. We have selected a new system and are currently planning a pilot of the system, prior to the commencement of roll-out of the new system in mid 2004.

We expect that the investment in these systems, together with further enhancements to central and distribution systems, will be some £15 million over the next three years.

### The longer-term future

Our focus for the first half of the year has been to establish our turnaround programme and make a difference to our customers. This programme will take some three years to complete but we expect customers will experience continual improvement in our offer throughout that period.

There is considerable opportunity to develop the business further through new store development and progressing the potential of our International and Direct businesses over the longer term.

### Current trading

Current trading continues to be encouraging with UK store like-for-like sales for the five weeks to 14 November 2003 up 4.6 per cent. The gross margin improvement in the first half has been sustained.

## Results summary

The results can be summarised as follows:

	Sales 28 weeks to		Operating profit/(loss) 28 weeks to	
	11 October 2003 £ million	12 October 2002 £ million	11 October 2003 £ million	12 October 2002 £ million
UK Stores	202.8	195.2	4.7	(11.6)
Mothercare Direct	9.3	8.1	0.6	–
Mothercare International	25.2	24.7	3.3	2.8
<b>Total</b>	<b>237.3</b>	<b>228.0</b>	<b>8.6</b>	<b>(8.8)</b>
Non-trading items/operating exceptionals			0.9	(1.1)
Operating profit/(loss)			9.5	(9.9)
Non-operating exceptional items			3.8	–
Interest			0.1	(0.1)
Taxation			–	10.0
<b>Profit after tax</b>			<b>13.4</b>	<b>–</b>

## Sales

### UK Stores

UK store sales increased by 3.9 per cent to £202.8 million. Like-for-like sales increased by 6.4 per cent. The sales loss due to net store closures was 2.5 per cent. Five new out-of-town stores opened in the first half of last year, but the sales gain from these openings has been more than offset by the sales lost from the 12 stores closed in the last year.

Of the 15 store closures announced with our results in May, seven have now been closed.

### Mothercare Direct

Mothercare Direct, our catalogue and website business, had a successful period with sales growing by 14.5 per cent to £9.3 million and operating profit growing to £0.6 million. The key driver of sales growth has been a 10 per cent increase in active customers. This business has also benefited from the margin growth achieved across the company.

### Mothercare International

Mothercare International also performed well with sales growing by 2.1 per cent to £25.2 million and operating profit growing 18.3 per cent to £3.3 million. These results reflect a more normal trading period this year compared to the first half of last year when timing differences and trading issues led to a high value of sales at lower margins.

Fifteen new franchise stores were opened in the first half taking the total to 188 with a further nine openings planned for the second half year.

### Operating profit

Group operating profit, was £9.5 million, compared to a loss of £9.9 million in the first half of last year. The underlying operating profit, excluding non-trading items and operating exceptional items, was £8.6 million (2002 – loss of £8.8 million). The key factors driving this



improvement in operating profit were an increase in sales and gross margin together with a reduction in distribution costs.

Gross margin increased by 5.9 percentage points to 46.9 per cent. This was achieved by a better flow of product through our business leading to improved availability to customers and allowing greater full price trading. The gross margin also benefited from a more effective management of markdowns during the summer sale. The improvements in our product range and the early benefits of our sourcing initiatives also played a major role in the improvement.

In May we indicated that we aimed to reduce distribution costs to a running rate of 6.5 per cent of sales by March 2004. We are ahead of schedule having reduced costs from 8.1 per cent of sales for the whole of last year to 6.5 per cent of sales for the first half of this year. This reduction has been achieved through effective management of distribution operations allowing consolidation of the company's operations into three main distribution centres.

The operating profit includes a net credit of £0.1 million relating to non-trading items and an operating exceptional credit of £0.8 million. The non-trading items comprise £0.8 million of business stabilisation costs, principally the costs to support our turnaround programme, offset by credits of £0.9 million, relating to the release of the unused element of a provision against clearance stock resulting from the sale of the stock at higher levels than originally anticipated.

The operating exceptional credit of £0.8 million relates to VAT, primarily due to the successful outcome of an outstanding VAT claim.

### **Non-operating exceptional items**

The non-operating exceptional credit of £3.8 million relates to property items including the sale of our Manchester store where we received a lease premium of £1.2 million and the release of amounts accrued and provided for within the loss on sale of Bhs of £2.6 million following the early surrender of a vacant leasehold property.

### **Interest and taxation**

Net interest income increased to £0.1 million from net interest expense of £0.1 million last year as a result of the higher average cash balances resulting from the positive cash flow of the business.

There is no tax charge in the period due to the utilisation of tax losses of £54 million brought forward from prior years.

### **Balance sheet and cash flow**

The company had a net cash inflow of £20.7 million in the period, leading to the cash balance at the end of the half year of £28.4 million (2002 – net debt of £0.9 million). The increase in cash has resulted from improved trading, the benefits of a working capital reduction of £8.5 million, and a reduced level of capital expenditure in the period.

Capital expenditure for the period was comparatively low at £2.3 million (2002 – £8.9 million), principally the cost of the first stage of the store refurbishment trials and ongoing store maintenance. We now anticipate that capital expenditure for the full year will be some £10 million. This includes the second stage of the store refit trials and the start of the roll-out after Christmas together with IT expenditure on the merchandise planning system and the start of the EPOS pilot.

## group profit statement

		28 weeks ended 11 October 2003		
	Note	Before exceptional items £ million	Exceptional items (note 2) £ million	Total £ million
<b>Turnover</b>		<b>237.3</b>	<b>–</b>	<b>237.3</b>
<b>Profit/(loss) from retail operations</b>		<b>8.7</b>	<b>0.8</b>	<b>9.5</b>
Exceptional items	2	–	3.8	3.8
Interest (net)	3	0.1	–	0.1
<b>Profit/(loss) before taxation</b>		<b>8.8</b>	<b>4.6</b>	<b>13.4</b>
Taxation	2, 4	–	–	–
<b>Profit/(loss) after taxation</b>		<b>8.8</b>	<b>4.6</b>	<b>13.4</b>
Dividends	5			–
<b>Retained profit/(loss)</b>				<b>13.4</b>
Dividend per share				0.0p
Earnings/(loss) per share before exceptional items				13.1p
Basic earnings/(loss) per share	6			20.0p
Earnings/(loss) per share diluted	6			19.8p

## reconciliation of movement in shareholders' funds

	28 weeks ended 11 October 2003 £ million
Profit/(loss) for the financial period	13.4
New share capital subscribed	0.2
<b>Movement in shareholders' funds</b>	<b>13.6</b>
Opening shareholders' funds	110.6
<b>Closing shareholders' funds</b>	<b>124.2</b>

28 weeks ended 12 October 2002				
Before exceptional items £ million	Exceptional items (note 2) £ million	Total £ million	52 weeks ended 29 March 2003 £ million	
228.0	–	228.0	431.7	
(9.9)	–	(9.9)	(22.5)	
–	–	–	(2.4)	
(0.1)	–	(0.1)	0.1	
(10.0)	–	(10.0)	(24.8)	
–	10.0	10.0	10.0	
(10.0)	10.0	–	(14.8)	
		–	–	
		–	(14.8)	
		0.0p	0.0p	
		(14.9p)	(29.2p)	
		0.0p	(22.0p)	
		0.0p	(22.0p)	

28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
–	(14.8)
–	–
–	(14.8)
125.4	125.4
125.4	110.6

## group balance sheet

	Note	11 October 2003 £ million	12 October 2002 £ million	29 March 2003 £ million
<b>Fixed assets</b>				
Tangible assets		80.3	90.3	85.6
Investments		5.0	5.0	4.9
		85.3	95.3	90.5
<b>Current assets</b>				
Stocks		44.2	51.8	48.0
Debtors		27.4	31.2	25.6
Cash at bank and in hand		28.4	2.3	7.7
<b>Creditors</b> – amounts falling due within one year	7	(56.7)	(50.4)	(54.3)
<b>Net current assets</b>		43.3	34.9	27.0
<b>Total assets less current liabilities</b>		128.6	130.2	117.5
<b>Creditors</b> – amounts falling due after more than one year	7	(1.6)	(2.7)	(2.2)
<b>Provisions for liabilities and charges</b>	8	(2.8)	(2.1)	(4.7)
<b>Net assets</b>		124.2	125.4	110.6
<b>Capital and reserves attributable to equity interests</b>				
Called up share capital		35.3	35.3	35.3
Share premium account		0.2	–	–
Profit and loss account		88.7	90.1	75.3
		124.2	125.4	110.6

## group cash flow statement

	28 weeks ended 11 October 2003 £ million	28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
<b>Reconciliation of net cash flow from operating activities</b>			
Profit/(loss) from retail operations before exceptional items	8.7	(9.9)	(19.7)
Depreciation	6.1	6.5	14.3
Working capital	8.5	0.8	17.5
Exceptional items	(0.4)	(0.6)	(3.8)
<b>Net cash flow from operating activities</b>	<b>22.9</b>	<b>(3.2)</b>	<b>8.3</b>
<b>Returns on investments and servicing of finance</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.1</b>
<b>Taxation</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Capital expenditure</b>	<b>(2.3)</b>	<b>(8.9)</b>	<b>(12.0)</b>
<b>Trading cash flow</b>	<b>20.7</b>	<b>(12.2)</b>	<b>(3.6)</b>
<b>Acquisitions and disposals</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Equity dividends paid</b>	<b>—</b>	<b>(1.0)</b>	<b>(1.0)</b>
	<b>20.7</b>	<b>(13.2)</b>	<b>(4.6)</b>
<b>Management of liquid resources</b>	<b>—</b>	<b>6.1</b>	<b>6.1</b>
<b>Financing</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Increase/(decrease) in cash in the period</b>	<b>20.7</b>	<b>(7.1)</b>	<b>1.5</b>

## reconciliation of net cash flow to movement in net funds

	28 weeks ended 11 October 2003 £ million	28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
Increase/(decrease) in cash in the period	20.7	(7.1)	1.5
Cash flow from management of liquid resources	—	(6.1)	(6.1)
Cash flow from financing	—	—	—
<b>Movement in net funds/(debt) in the period</b>	<b>20.7</b>	<b>(13.2)</b>	<b>(4.6)</b>
Net funds at the beginning of the period	7.7	12.3	12.3
<b>Net funds/(debt) at the end of the period</b>	<b>28.4</b>	<b>(0.9)</b>	<b>7.7</b>

## analysis of net cash

	28 weeks ended 11 October 2003 £ million	28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
Cash at bank and in hand	28.4	2.3	7.7
Overdrafts	—	(3.2)	—
	<b>28.4</b>	<b>(0.9)</b>	<b>7.7</b>

1 Accounting policies

This interim report has been prepared under the historic cost convention and using accounting policies which are consistent with previous years.

2 Exceptional items

Profit from retail operations includes an exceptional credit of £0.8 million relating to VAT, principally arising from the successful outcome of an outstanding VAT claim.

Exceptional items credited to profit before taxation amount to £3.8 million and comprise the following two items.

A settlement has been reached for the early surrender of the lease of a vacant property. This resulted in a release in the period, as an exceptional credit to the profit and loss account, of £2.6 million of amounts accrued and provided for within the loss on sale of Bhs in prior years in respect of this onerous lease.

An unconditional agreement was reached, prior to the end of the half year, for the sale of the lease of one of the stores whose disposal was announced in the previous annual report. An exceptional credit of £1.2 million has been recognised in the profit and loss account relating to the lease premium received.

The tax effect of the above exceptional items is £nil (2002 – £nil).

In the 52 weeks ended 29 March 2003, exceptional costs of £2.8 million were charged to loss from retail operations. These costs related to directors and head office staff redundancy costs of £1.9 million, store staff redundancies of £0.1 million and £0.8 million one-off costs incurred in renegotiating the group's warehouse and distribution contract during the year.

In the 52 weeks ended 29 March 2003, an exceptional charge of £3.1 million was recognised to provide for the loss on disposal of stores. This was offset by £0.7 million profit on stores disposed of during the year. The net exceptional cost of £2.4 million was charged to loss before taxation.

In the 28 weeks to 12 October 2002, a corporation tax provision of £10.0 million made in a prior year was released as an exceptional credit to the profit and loss account. This provision related to outstanding tax issues from the reorganisation of various property interests conducted in 1996/97. These have now been resolved with the Inland Revenue.

	28 weeks ended 11 October 2003 £ million	28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
3 Interest (net)			
Interest payable	(0.1)	(0.2)	(0.4)
Interest receivable	0.2	0.1	0.5
	0.1	(0.1)	0.1

#### 4 Taxation

Current tax is calculated at nil per cent (2002 – nil per cent) being the estimated effective rate of tax on the expected result for the 52 weeks ending 27 March 2004.

The only significant timing differences impacting the group are accelerated capital allowances and tax losses generated in prior years which are available to offset future profits.

The group had tax losses carried forward of approximately £39 million as at 11 October 2003 (2002 – approximately £44 million). A deferred tax asset has been recognised to the extent of any deferred tax liabilities arising primarily from accelerated capital allowances.

Due to the uncertainty surrounding Christmas and the January trading period, and given that the business is still in turnaround, the directors believe it is inappropriate to recognise, at this time, a deferred tax asset in respect of the remaining trading losses of £30 million (2002 – £30 million). This will be revisited at the year end.

A corporation tax provision of £10.0 million made in a prior year, was released in the 52 weeks ended 29 March 2003, as set out in note 2.

#### 5 Dividends

No interim dividend is to be paid (2002 – nil pence).

6 Earnings/(loss) per share	28 weeks ended 11 October 2003	28 weeks ended 12 October 2002	52 weeks ended 29 March 2003
Weighted average number of shares in issue	67.2m	67.1m	67.2m
Dilution – option schemes	0.5m	0.0m	0.0m
<b>Diluted weighted average number of shares in issue</b>	<b>67.7m</b>	67.1m	67.2m
Profit/(loss) after tax	£13.4m	£0.0m	(£14.8m)
Exceptional items (net of tax)	(£4.6m)	(£10.0m)	(£4.8m)
Profit/(loss) after tax before exceptional items	£8.8m	(£10.0m)	(£19.6m)
Basic earnings/(loss) per share	20.0p	0.0p	(22.0p)
Earnings/(loss) per share before exceptional items	13.1p	(14.9p)	(29.2p)
Diluted basic earnings/(loss) per share	19.8p	0.0p	(22.0p)

The earnings per share before exceptional items has been calculated to provide further information. It is calculated by dividing the profit after tax but before exceptional items by the weighted average number of shares in issue.

	28 weeks ended 11 October 2003 £ million	28 weeks ended 12 October 2002 £ million	52 weeks ended 29 March 2003 £ million
<b>7 Creditors</b>			
<b>Amounts falling due within one year</b>			
Overdrafts	—	3.2	—
Trade creditors	26.2	26.1	27.8
Corporation tax	0.9	0.9	0.9
Payroll and other taxes, including social security	3.0	1.2	3.1
Accruals and deferred income	25.3	17.5	20.7
Landlords' contributions	1.1	1.4	1.3
Other creditors	0.2	0.1	0.5
	56.7	50.4	54.3
<b>Amounts falling due after one year</b>			
Landlords' contributions	1.6	2.7	2.2

	Property provisions £ million
<b>8 Provisions for liabilities and charges</b>	
Opening balance as at 30 March 2003	4.7
Utilised in period	(0.5)
Released in period	(1.4)
Closing balance as at 11 October 2003	2.8

Property provisions principally represent the costs of store disposals.

This interim report was approved by the directors on 20 November 2003. Results for the two half years have not been audited, but have been reviewed by the auditors. The financial information contained in the interim accounts does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The full year comparatives were extracted from the full group accounts which have been filed with the Registrar of Companies together with an unqualified auditors' report. All shareholders will receive a copy of this statement.



# independent review report to Mothercare plc

## Introduction

We have been instructed by the Company to review the financial information for the 28 weeks ended 11 October 2003 which comprises the group profit statement, the reconciliation of movement in shareholders' funds, the group balance sheet, the group cash flow statement and the related notes 1 to 8. 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.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which 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 any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Mothercare plc 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 excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom 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 28 weeks ended 11 October 2003.

Deloitte & Touche LLP  
Chartered Accountants, London  
20 November 2003

# shareholder information

Financial calendar	2004
Preliminary announcement of results for the 52 weeks ending 27 March 2004	end May
Issue of report and accounts	mid June
Annual General Meeting	mid July
Preliminary announcement of results for the 28 weeks ending 9 October 2004	end November

## Registered office and head office

Cherry Tree Road, Watford, Hertfordshire WD24 6SH  
Telephone 01923 241000  
Facsimile 01923 240944  
www.mothercare.com  
Registered number 1950509

## Company secretary

Clive E Revett

## Registrars

Administrative enquiries concerning shareholders in Mothercare plc for such matters as the loss of a share certificate, dividend payments or a change of address should be directed, in the first instance, to the Registrars:

Lloyds TSB Registrars  
The Causeway, Worthing, West Sussex BN99 6DA  
Telephone 0870 600 3965  
www.lloydstsb-registrars.co.uk

## Low cost share dealing service

A postal share dealing service is available through the Company's stockbrokers for the purchase and sale of Mothercare plc shares. Further details can be obtained from:

Cazenove & Co Ltd  
20 Moorgate, London EC2R 6DA  
Telephone 020 7155 5155

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