Mothercare plc
Interim Results

Mothercare plc announces its interim results for the 28 weeks (first half) ended 10 October 2009.

First Half Strategic Highlights

Growth strategy delivering results:

1) Strong UK trading performance:
   - UK sales up 2.7%; underlying profit up 15.4%
   - New phase of store portfolio restructure announced today – additional £10m per annum of benefits by 2012.

2) Record first half for International:
   - Retail sales[(1)] up 29.6%; underlying profit up 53.2%
   - New joint venture announced in India, doubling target from 100 to 200 stores
   - Plans to launch in Australia (Mothercare) and South Africa (Early Learning Centre) and to have 10 stores in China this year
   - 62 overseas stores opened in H1; full year target now 115 (previous guidance 100).

3) Rapid growth in Direct:
   - Total Direct sales up 15.0% to £58.0m
   - Acquired remaining 50% of gurgle.com, the rapidly growing social networking site for parents
   - International e-commerce trials to be launched in H2.

Financial Results

- Group sales up 7.9% to £387.3m (2008: £359.0m)
- Group underlying profit before tax[(1)] up 11.1% to £10.0m (2008: £9.0m[(2)])
- Group profit before tax (after charging £17.1m of non-underlying items) loss of £7.1m (2008: profit of £13.2m[(2)])
- Interim dividend up 19.6% to 5.5p (2008: 4.6p)

Financial Highlights

- Group 'network sales'[(1)] up 13.6% to £549.1m
- UK like-for-like sales[(1)] up 4.0%; International like-for-like sales up 1.0%
- Direct in Home sales up 14.4% to £31.8m; Direct in Store sales up 15.9% to £26.2m
- 1,060 stores in 51 countries; 389 in UK and 671 overseas
- Underlying basic EPS up 10.5% to 8.4p (2008: 7.6p[(2)])
- Debt free; net cash balance £8.2m (2008: £8.4m)

Ben Gordon, Chief Executive, said:

"This has been another strong first half for the Mothercare group with sales up 7.9% and underlying profit up 11.1%. International has delivered a record first half with retail sales up 29.6% and store openings ahead of plan. As at today we have opened 85 stores this year taking the total number of stores outside the UK to 694. In the UK we have again seen positive like-for-like sales growth with the performance boosted by the success of our property strategy and the rapid growth of Direct.

"With the strength of our two global brands, our rapidly growing international platform, a reducing UK cost base and debt free business, we are well placed as we enter the important second half."

Enquiries to:

Mothercare plc
Ben Gordon, Chief Executive 01923 206001
Neil Harrington, Finance Director 01923 206187

Brunswick Group Limited
Catherine Hicks/Catriona McDermott 020 7404 5959

Notes
(1) For definitions of 'group underlying profit before tax', 'International retail sales', 'network sales' and 'like-for-like sales' see Financial Review on pages 5 and 6.
(2) Restated for Amendments to IAS 38 regarding treatment of catalogue costs. See note 19.

CHIEF EXECUTIVE'S REVIEW

RESULTS

The Mothercare group has delivered another strong performance in the first half with underlying growth in sales and profits in both our UK and International businesses. The comparative figures in this statement have been restated due to Amendments to IAS 38 which relates to the treatment of catalogue costs (see financial review on page 8).

Group sales in the half year rose by 7.9% to £387.3 million (2008: £359.0 million). Group profit before tax decreased from a profit of £13.2 million last year to a loss of £7.1 million this year, but this is after charging £17.1 million of non-underlying items, mostly relating to the volatile non-cash adjustments required by IAS 39 and IAS 21 which require us to revalue stock and commercial currency hedges to spot rate. These do not affect the underlying profits or cash flows of the group. Indeed, the majority of the non-underlying charge this half is due to a reversal of the non-underlying gain in 2008/09. Underlying profits before tax, which the directors believe reflect more closely the ongoing profitability of the group, increased by 11.1% to £10.0 million (2008: £9.0 million).

The group has traded well in the UK in the first half of the year with positive like-for-likes of +4.0%. Our second quarter was the 17th consecutive quarter of positive like-for-like sales growth. This was augmented by strong growth in International with retail sales up 29.6%, positive like-for-like sales and 62 new overseas stores opened in the first half. This takes the total number of stores worldwide to 1,060 stores in 51 countries. The trading performance in the half has delivered an increase in underlying profit from operations, before share based payment charges, of 41.4% to £16.4 million (2008: £11.6 million).

The group remains cash generative and debt free and the half year cash balance was £8.2 million (2008: £8.4 million). As a result of the positive underlying operating performance of the group and the positive cash generation, we are pleased to propose an interim dividend of 5.5 pence, an increase of 19.6%.

TWO WORLD CLASS BRANDS

We continue to develop our two world class brands, Mothercare and the Early Learning Centre. Specialism and innovation are central to our brand propositions as we continue to build the Mothercare group as the world's leading parenting retailer.

An exciting example of that innovation this year was the launch of our unique and exclusive Mothercare 'SPIN' pushchair which allows babies to benefit from either facing their parents or alternatively looking out to the world.

In Clothing we have re-launched our fashionable maternity ranges under the new brand 'M2B'. 'M2B' was launched three months ago worldwide and on-line and sales are performing ahead of our expectations. Our 'Baby K' clothing range, designed in conjunction with celebrity mother Myleene Klass, has also performed very well and we will now be extending 'Baby K' into Home & Travel products.

At the Early Learning Centre we have launched a number of exciting own-brand developmental toys including the new retro robot and a new version of one of our more traditional items, the country kitchen.

MOTHERCARE STRATEGY

The completion of the integration of the Early Learning Centre has given us the opportunity to reset the Mothercare strategy moving us to the next level of our growth story. At the core of our strategy remain our two world class brands, which are at the centre of value creation at Mothercare and reflect our multi-channel offer.

We have four growth channels through which we will develop our two brands:

1. UK stores
2. Franchise
3. Direct
4. Wholesale

1. UK stores

The first key channel to market is our stores in the UK. Our UK business has performed well in the first half with sales up 2.7% and underlying profit from operations up 15.4%.

Phase 1 of our property portfolio restructure announced in May 2008 is now almost complete. In this phase we significantly improved the shape of the portfolio closing 63 lower performing in-town stores, rightsizing nine of our larger stores and rolling out an additional 55 Early Learning Centre inserts in Mothercare stores, delivering our target of £5 million in annual savings (£2.4 million in 2008/09; £2.6 million in 2009/10).

The learnings from phase 1 of our property strategy, the favourable profile of our UK lease portfolio (where we have almost 50% of our leases expiring within the next three years) and the weak property market have been combined to develop phase 2 of our property strategy announced today. The key elements of phase 2 are as follows:

i) 31 new parenting centres
Our out-of-town parenting centres are true destination stores with the full range of Mothercare and Early Learning Centre product and key concessions. Parenting centres comprise 40% of UK store space and 65% of UK store profit. We plan to open 31 parenting centres over the next three years, including at least 10 in the current year. Our total target is to increase the number of parenting centres in the UK over time to 120. In the current property market and with the destination appeal of our two brands we are able to obtain advantageous lease terms and enter key catchments that have previously been difficult to access profitably.

ii) Rationalise high street chain
There are more than 90 lower profit high street stores within the chain with lease expiries within the next three years. We plan to move these stores to more profitable out-of-town locations, seek to renegotiate rentals or, if this can't be achieved, close these stores.

iii) In-town opportunities
We have identified 12 in-town sites where we plan to open new 'landmark' stores and these are principally high footfall sites in key city centres or shopping malls.

We expect phase 2 of our property strategy to deliver £10 million of annual benefits each year by 2012 (in addition to the £5 million of annual benefits each year in phase 1 referred to above) with minimal additional capital expenditure.

2. Franchise

Our second distribution channel is franchising which is how we operate the majority of our overseas stores and this includes our two joint venture agreements in India and China. International franchising remains a major growth engine for the group with huge potential in developed and emerging markets, driven by the strength of our two brands, our unique network of strong franchise partners and our state of the art supply chain and overseas logistics network.

International retail sales increased by 29.6% to £252.8 million in the first half. Underlying profits from operations increased by 53% benefiting from the increase in retail sales boosted by foreign exchange movements, on a small and predominantly fixed cost base.

We now have 671 international stores in 50 countries outside the UK and are on target to open 115 stores this year, an increase on our previous estimate of 100. We are growing the business by continuing to open new stores in existing countries, entering new countries and opening larger format stores that can accommodate greater product ranges, including a wider Home & Travel range.

In Europe we have 301 stores, with strong growth in Eastern European countries with higher birth rates such as Poland, Russia and Ukraine.

Across the Middle East and Africa we now have a total of 213 stores and we will open new and larger stores across the region in the second half.

Asia is the region with the largest growth potential and includes our joint venture operation in China which will have 10 stores opened by the end of this financial year. In October we announced our newest joint venture with Delhi Land & Finance in India. This new joint venture, along with our existing partner in the region, Shoppers' Stop, gives us an excellent opportunity to accelerate our growth in India. We currently have 24 successful stores in India and we have now doubled our target for the country from 100 to 200 stores in the medium term.

3. Direct

Direct has continued its rapid growth with total sales of £58.0 million in the first half, an increase of 15.0%.

Mothercare has been a pioneer in multi-channel retailing in the UK, and the proportion of UK sales now delivered through our Direct channel has grown to almost 20%. We continue to expand the product ranges available on-line in Home & Travel, Clothing and Toys. We are working to drive growth in our Direct business through three key areas – increasing ranges, improving services and trialling international e-commerce sites. We will be launching e-commerce trials early next year and if these are successful we will roll these out to other countries in our network.

In September we acquired the remaining 50% of gurgle.com, our social networking site for parents and parents-to-be. This continues to grow rapidly with over 110,000 registered users.

4. Wholesale

We have been developing our wholesale business for some time, generating over £5 million of sales through arrangements with retailers internationally. The Early Learning Centre has been the key brand for wholesaling to date but we see significant potential for the Mothercare brand in the future. Indeed, an exciting development in the second half of this year will be the launch of a new baby toiletries range. This range will be available in January in our stores in the UK and also has potential in overseas markets through both franchise and wholesale channels.

SUMMARY AND OUTLOOK

This has been another strong first half for the Mothercare group with sales up 7.9% and underlying profit before tax up 11.1%. Our International business has delivered a record first half, and, despite the challenging market, we have again seen like-for-like sales growth in the UK.

At the end of the first half we had 1,060 stores operating in 51 countries and our International business will continue to be the most significant driver of future growth. In addition, the reshaping of our UK property portfolio and strong momentum in our Direct operations in the UK will provide significant benefits. With the strength of our two global brands, our rapidly growing International platform, a reducing UK cost base and debt free business, we are well placed as we enter the important second half.

FINANCIAL REVIEW

RESULTS SUMMARY

Group underlying profit before tax increased by 11.1% to £10.0 million (2008: £9.0 million as restated. See below and note 19). Underlying profit excludes exceptional items and other non-underlying items which are analysed below. After these non-underlying items, the group recorded a pre-tax loss of £7.1 million (2008: profit of £13.2 million).

Income Statement

£ million	**H1 09/10**	**H1 08/09 restated**	**FY 08/09 restated**
Revenue	387.3	359.0	723.6
Profit from operations before share based payments	**16.4**	**11.6**	**44.6**
Share based payments	(6.1)	(2.5)	(7.6)
Financing	(0.3)	(0.1)	(0.1)
Underlying profit before tax	**10.0**	**9.0**	**36.9**
Exceptional items	(0.8)	(1.7)	(4.6)
Non-cash foreign currency adjustments	(15.2)	7.0	11.8
Amortisation of intangible assets	(1.1)	(1.1)	(2.1)
Profit before tax	**(7.1)**	**13.2**	**42.0**
Underlying EPS - basic	8.4p	7.6p	32.0p

Profit from operations before share based payments includes all of the group's trading activities but excludes the volatile share based payment costs charged to the income statement in accordance with IFRS 2 (see below and note 16).

Prior year restatement

Historically, in line with many similar companies, the group has charged the costs of preparing catalogues in line with the sales benefits. Amendments to IAS 38 require associated costs for such catalogues to be recognised up front as the company has access to and receives the catalogues. This has resulted in restatement due to timing differences of additional costs of £0.5 million in the first half 2008/09 and £0.2 million for the full year 2008/09 together with associated restatements of the tax charge.

Non-underlying Items

Underlying profit before tax excludes the following non-underlying items:

- Non-cash adjustments principally relating to marking to market of commercial foreign currency hedges at the period end. As hedges are taken out to match future stock purchase commitments, these are theoretical adjustments which we are required to make under IAS 39 and IAS 21. These standards require us to revalue stock and our commercial foreign currency hedges to spot. This volatile adjustment does not affect the cash flows or ongoing profitability of the group and will be reversed at the start of the next accounting period. Indeed, the majority of the adjustment is a reversal of the non-underlying gain of £11.8 million recorded in the 2008/09 financial statements.
- Amortisation of intangible assets (excluding software) of £1.1 million.
- Exceptional integration costs of £0.8 million.

Exceptional items in the first half of 2008/09 included £1.2 million of losses on disposal or termination of property interests and £0.5 million of integration costs.

Results by Segment

The primary segments of Mothercare plc are the UK business and the International business.

£ million - Revenue	H1 09/10	H1 08/09	FY 08/09
UK	296.3	288.5	578.8
International	91.0	70.5	144.8
Total	**387.3**	**359.0**	**723.6**

£ million – Underlying Profit	H1 09/10	H1 08/09 restated	FY 08/09 restated
UK	9.0	7.8	34.7
International	11.8	7.7	16.5
Corporate	(4.4)	(3.9)	(6.6)
Profit from operations before share based payments	**16.4**	**11.6**	**44.6**
Share based payments	(6.1)	(2.5)	(7.6)
Financing	(0.3)	(0.1)	(0.1)
Underlying profit before tax	**10.0**	**9.0**	**36.9**

In the period, UK retail sales growth has largely been offset by the impact of currency movements on margin, however, profit has benefited from the property strategy with lower occupancy costs and integration benefits in central costs as well as growth in the wholesale channel.

International has benefited from the 29.6% growth in retail sales driving growth in royalty income and shipments, with central costs growing at a much slower rate.

Corporate expenses represent board and company secretarial costs and other head office costs including audit, professional fees, insurance and head office property.

Share based payment charges

Underlying profit before tax also includes share based payments charges of £6.1 million (2008: £2.5 million) in relation to the Company's long-term incentive schemes. The charge, which is volatile, is calculated on a theoretical fair value basis in accordance with IFRS 2. The charge is based on a number of factors and these include both the Mothercare share price in relation to the FTSE General Retailers' Index and the growth in underlying profits – both measured over a series of three-year cycles.

Over the three years to 31 March 2009, Mothercare plc outperformed the FTSE General Retailers' Index by 66.0% and grew profits by 91.0% over the same period. This trend has continued in the first half and resulted in an increase in the IFRS 2 charge. The total charge for the full year is not possible to predict with any certainty as many of the assumptions are market based, however, if the strong performance of Mothercare plc continues, we currently estimate that the share based payment charge for the full year could be in the region of £12 million (2008: £7.6 million).

Like-for-like sales, International retail sales and 'network sales'[(1)]

'Like-for-like' sales are defined as sales for stores that have been trading continuously from the same selling space for at least a year and include Direct in Home and Direct in Store. Sales from Early Learning Centre inserts in Mothercare stores are included where they are trading in existing Mothercare space. International retail sales are the estimated retail sales of franchisees and joint ventures. International like-for-like sales are calculated at constant rates of exchange.

International retail sales of £252.8 million for the first half grew 29.6%, with total 'network sales'[(1)], which include the retail sales made by our franchise partners, of £549.1 million, up 13.6%.

Financing and Taxation

Financing represents interest receivable on bank deposits and costs relating to bank facility fees and the unwinding of discounts on provisions.

The underlying tax charge is comprised of current and deferred tax and is calculated at 30 per cent (2008: 31 per cent). An underlying tax charge of £2.9 million (2008: £2.7 million as restated) has

1 'Network sales' include franchisee retail sales, rather than Mothercare plc sales to franchisees as published.

been included for the period; the total tax credit was £2.2 million (2008: £3.9 million charge as restated).

Pensions

We continue to operate defined benefit pension schemes for our staff, although the schemes are now closed to new members. Details of the income statement net charge, total cash funding and net assets and liabilities are as follows:

£ million	H1 09/10	H1 08/09
Income statement		
Service cost	(1.1)	(1.4)
Return on assets / interest on liabilities	(0.5)	0.8
Net charge	(1.6)	(0.6)
Cash funding		
Recurring payments	(1.6)	(1.2)
One-off payment	(3.0)	-
Total cash funding	(4.6)	(1.2)
Balance sheet		
Fair value of schemes' assets	181.0	153.3
Present value of defined benefit obligations	(225.5)	(158.8)
Net liability	(44.5)	(5.5)

In consultation with the independent actuaries to the schemes, the key market rate assumptions used in the valuation are as follows:

	H1 09/10	H1 08/09	Sensitivity	Effect of sensitivity £ million
Discount rate	5.6%	7.5%	0.1%	(5.0)
			0.5%	(27.0)
Inflation	3.3%	3.3%	0.1%	4.7

The sensitivity of the IAS 19 valuation to a 0.1% and 0.5% reduction in the discount rate and a 0.1% reduction in inflation are set out in the table above.

Balance Sheet and Cash Flow

The balance sheet includes identifiable intangible assets arising on the acquisition of Early Learning Centre of £25.7 million and goodwill of £68.6 million.

The group is seasonal with much of the cash generation in the second half, however in the first half, the group generated operating cash, with net cash flow from operating activities of £2.9 million. This is after a first half working capital outflow of £12.8 million due to planned increases in stock levels in Early Learning Centre, International and Direct, £3.0 million of one-off pension payments and £2.2 million of tax. After investing £10.7 million of capital expenditure and paying £8.5 million of dividends, the net cash position at the half year is positive, at £8.2 million (2008: £8.4 million).

Going Concern

The group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the group's ability to continue as a going concern. As appropriate the group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, returns of capital to shareholders, issuing new shares or the level of capital expenditure.

The group has a committed secured bank facility of £55.0 million at an interest rate of 1 per cent above LIBOR which expires on 31 May 2010. It also has an uncommitted unsecured bank overdraft of £10.0 million. As the current secured bank facility expires in less than 12 months, the group is in advanced negotiations over new facilities, with fully credit approved offers for 3-year facilities of up to £40.0 million in place.

The group's current committed borrowing facility contains certain financial covenants which have been met throughout the period. The covenants are tested half-yearly and are based around gearing, fixed charge cover and guarantor cover. Covenants for the proposed new facilities are broadly unchanged.

The committed bank facility was drawn down by a maximum of £20.0 million during the period and at the half year the group had a cash balance of £8.2 million in addition to the £65.0 million of available facilities.

The current economic conditions create uncertainty around the group's trading position particularly over the level of demand for the group's products. However, the group has long-term contracts with its franchisees around the world and long standing relationships with many of its suppliers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the uncertain economic outlook.

The group's latest forecasts and projections have been sensitivity-tested for reasonably possible adverse variations in trading performance and show that the group will operate within the terms of its proposed future borrowing facilities and covenants for the foreseeable future.

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

Capital Expenditure

Total capital expenditure in the first half was £10.7 million (2008: £15.2 million), of which £2.0 million was for software intangibles and £6.1 million was invested in UK stores. Landlord contributions of £5.2 million (2008: £3.8 million) were received, partially offsetting the outflow. Net capital expenditure for the full year, after landlord contributions, is expected to be approximately £16 million.

Earnings per Share and Dividend

Basic underlying earnings per share were 8.4 pence compared to 7.6 pence last year as restated. The directors recommend a 19.6% increase in interim dividend to 5.5 pence (2008: 4.6 pence).

The interim dividend will be payable on 5 February 2010 to shareholders registered on 8 January 2010. The latest date for election to join the dividend reinvestment plan is 15 January 2010.

Accounting Policies and Standards

The same accounting policies are followed in the condensed set of financial statements for the period as applied in the group's latest audited financial statements except that in the current period the group has adopted International Financial Reporting Standard 8 'Operating Segments', International Accounting Standard 1 'Presentation of Financial Statements' (revised 2007) and Amendments to International Accounting Standard 38 'Intangible Assets'. Prior period results have been restated accordingly (see notes 1 and 19).

Consolidated income statement

For the 28 weeks ended 10 October 2009

	Note	28 weeks ended 10 October 2009 (unaudited) Underlying[1] £ million	Non-underlying [2] £ million	Total £ million	28 weeks ended 11 October 2008 (unaudited) restated[3] Underlying[1] £ million	Non-underlying [2] £ million	Total £ million	52 weeks ended 28 March 2009 restated[3] Total £ million
Revenue		**387.3**	**-**	**387.3**	359.0	-	359.0	723.6
Cost of sales		**(351.4)**	**(16.3)**	**(367.7)**	(326.4)	5.4	(321.0)	(636.8)
Gross profit		**35.9**	**(16.3)**	**19.6**	32.6	5.4	38.0	86.8
Administrative expenses		**(25.3)**	**(0.6)**	**(25.9)**	(23.2)	-	(23.2)	(41.2)
Profit/(loss) from retail operations		**10.6**	**(16.9)**	**(6.3)**	9.4	5.4	14.8	45.6
Loss on disposal/termination of property interests	4	**-**	**-**	**-**	-	(1.2)	(1.2)	(2.1)
Share of results of joint ventures		**(0.3)**	**-**	**(0.3)**	(0.3)	-	(0.3)	(0.4)
Profit/(loss) from operations	3	**10.3**	**(16.9)**	**(6.6)**	9.1	4.2	13.3	43.1
Investment income		**-**	**-**	**-**	0.3	-	0.3	0.4
Finance costs		**(0.3)**	**(0.2)**	**(0.5)**	(0.4)	-	(0.4)	(1.5)
Profit/(loss) before taxation		**10.0**	**(17.1)**	**(7.1)**	9.0	4.2	13.2	42.0
Taxation	5	**(2.9)**	**5.1**	**2.2**	(2.7)	(1.2)	(3.9)	(11.8)
Profit/(loss) for the period attributable to equity holders of the parent		**7.1**	**(12.0)**	**(4.9)**	6.3	3.0	9.3	30.2
Earnings/(loss) per share								
Basic	7	**8.4p**		**(5.9p)**	7.6p		11.2p	36.2p
Diluted	7	**8.2p**		**(5.9p)**	7.3p		10.8p	35.0p

All results relate to continuing operations.

(1) Before items described in note 2 below.
(2) Includes exceptional items (loss/profit on disposal/termination of property interests and integration costs), amortisation of intangible assets (excluding software) and the impact of non-cash foreign currency adjustments under IAS 39 and IAS 21 as set out in note 4 to the financial statements.
(3) Restated for Amendments to IAS 38 as described in note 19.

Consolidated statement of comprehensive income

For the 28 weeks ended 10 October 2009

	28 weeks ended 10 October 2009 (unaudited) £ million	28 weeks ended 11 October 2008 (unaudited) restated[1] £ million	52 weeks ended 28 March 2009 restated[1] £ million
Other comprehensive income - actuarial loss on defined benefit pension schemes	**(22.1)**	(8.1)	(31.2)
Tax relating to components of other comprehensive income	**6.2**	2.3	8.7
Net loss recognised in other comprehensive income	**(15.9)**	(5.8)	(22.5)
(Loss)/profit for the period	**(4.9)**	9.3	30.2
Total comprehensive income for the period	**(20.8)**	3.5	7.7

(1) Restated for Amendments to IAS 38 as described in note 19.

Consolidated statement of changes in equity

For the 28 weeks ended 10 October 2009

	Share capital £ million	Share premium account £ million	Other reserve £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	**Total equity £ million**
Balance at 29 March 2009 as previously reported	43.8	4.3	50.8	(10.6)	1.2	109.1	198.6
Change in accounting policy (note 19)	-	-	-	-	-	(1.1)	(1.1)
Balance at 29 March 2009 (as restated)	**43.8**	**4.3**	**50.8**	**(10.6)**	**1.2**	**108.0**	**197.5**
Total comprehensive income for the period	-	-	-	-	-	(20.8)	**(20.8)**
Issue of equity shares	0.2	0.6	-	-	-	-	**0.8**
Credit to equity for equity-settled share based payments	-	-	-	-	-	1.0	**1.0**
Shares transferred to employees on vesting	-	-	-	0.7	-	(0.7)	**-**
Exchange differences arising on translation of overseas operations	-	-	-	-	(0.9)	-	**(0.9)**
Dividends paid	-	-	-	-	-	(8.5)	**(8.5)**
Balance at 10 October 2009 (unaudited)	**44.0**	**4.9**	**50.8**	**(9.9)**	**0.3**	**79.0**	**169.1**

For the 28 weeks ended 11 October 2008

	Share capital £ million	Share premium account £ million	Other reserve £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	**Total equity £ million**
Balance at 30 March 2008 as previously reported	43.6	3.4	50.8	(9.8)	-	110.0	198.0
Change in accounting policy (note 19)	-	-	-	-	-	(1.0)	(1.0)
Balance at 30 March 2008 (as restated)	**43.6**	**3.4**	**50.8**	**(9.8)**	**-**	**109.0**	**197.0**
Total comprehensive income for the period	-	-	-	-	-	3.5	3.5
Issue of equity shares	0.1	0.3	-	-	-	-	0.4
Credit to equity for equity-settled share based payments	-	-	-	-	-	1.4	1.4
Purchase of own shares	-	-	-	(0.9)	-	-	(0.9)
Shares transferred to employees on vesting	-	-	-	0.3	-	(0.3)	-
Dividends paid	-	-	-	-	-	(6.9)	(6.9)
Balance at 11 October 2008 (unaudited)	**43.7**	**3.7**	**50.8**	**(10.4)**	**-**	**106.7**	**194.5**

For the 52 weeks ended 28 March 2009

	Share capital £ million	Share premium account £ million	Other reserve £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	**Total equity £ million**
Balance at 30 March 2008 as previously reported	43.6	3.4	50.8	(9.8)	-	110.0	198.0
Change in accounting policy (note 19)	-	-	-	-	-	(1.0)	(1.0)
Balance at 30 March 2008 (as restated)	**43.6**	**3.4**	**50.8**	**(9.8)**	**-**	**109.0**	**197.0**
Total comprehensive income for the period	-	-	-	-	-	7.7	7.7
Issue of equity shares	0.2	0.9	-	-	-	-	1.1
Credit to equity for equity-settled share based payments	-	-	-	-	-	2.5	2.5
Purchase of own shares	-	-	-	(1.1)	-	-	(1.1)
Shares transferred to employees on vesting	-	-	-	0.3	-	(0.3)	-
Exchange differences arising on translation of overseas operations	-	-	-	-	1.2	-	1.2
Dividends paid	-	-	-	-	-	(10.9)	(10.9)
Balance at 28 March 2009	**43.8**	**4.3**	**50.8**	**(10.6)**	**1.2**	**108.0**	**197.5**

Consolidated balance sheet

As at 10 October 2009

	Note	**10 October 2009 (unaudited) £ million**	11 October 2008 (unaudited) restated[1] £ million	28 March 2009 restated[1] £ million
Non-current assets				
Goodwill		**68.6**	68.6	68.6
Intangible assets		**35.3**	35.8	35.9
Property, plant and equipment	9	**91.4**	96.9	92.4
Investments in joint ventures		**0.7**	0.9	0.7
Deferred tax asset	5	**12.2**	-	0.8
		208.2	202.2	198.4
Current assets				
Inventories		**107.6**	82.4	94.1
Trade and other receivables	12	**61.7**	62.5	54.4
Cash at bank and in hand		**8.2**	8.4	24.8
Currency derivative assets		**-**	8.5	7.3
		177.5	161.8	180.6
Total assets		**385.7**	364.0	379.0
Current liabilities				
Trade and other payables	13	**(124.5)**	(112.6)	(108.7)
Current tax liabilities		**(2.9)**	(0.8)	(2.1)
Short term provisions	14	**(9.6)**	(18.4)	(11.9)
Currency derivative liabilities		**(1.4)**	-	-
		(138.4)	(131.8)	(122.7)
Non-current liabilities				
Trade and other payables	13	**(22.9)**	(17.8)	(19.6)
Obligations under finance leases		**-**	(0.1)	(0.1)
Retirement benefit obligations	17	**(44.5)**	(5.5)	(25.4)
Deferred tax liability	5	**-**	(3.7)	-
Long-term provisions	14	**(10.8)**	(10.6)	(13.7)
		(78.2)	(37.7)	(58.8)
Total liabilities		**(216.6)**	(169.5)	(181.5)
Net assets		**169.1**	194.5	197.5
Equity attributable to equity holders of the parent				
Called up share capital	11	**44.0**	43.7	43.8
Share premium account		**4.9**	3.7	4.3
Other reserve		**50.8**	50.8	50.8
Own shares		**(9.9)**	(10.4)	(10.6)
Translation reserves		**0.3**	-	1.2
Retained earnings		**79.0**	106.7	108.0
Total equity		**169.1**	194.5	197.5

(1) Restated for Amendments to IAS 38 as described in note 19.

Consolidated cash flow statement

For the 28 weeks ended 10 October 2009

	Note	**28 weeks ended 10 October 2009 (unaudited) £ million**	28 weeks ended 11 October 2008 (unaudited) £ million	52 weeks ended 28 March 2009 £ million
Net cash flow from operating activities	15	**2.9**	9.1	34.9
Cash flows from investing activities				
Interest received		**-**	0.3	0.4
Purchase of property, plant and equipment		**(8.7)**	(12.4)	(17.5)
Purchase of intangibles - software		**(2.0)**	(2.8)	(5.3)
Investments in joint ventures and acquisition of subsidiary		**(0.7)**	(0.4)	(0.3)
Net cash used in investing activities		**(11.4)**	(15.3)	(22.7)
Cash flows from financing activities				
Interest paid		**(0.3)**	(0.3)	(0.4)
Repayment of obligations under finance leases		**(0.1)**	(0.4)	(0.4)
Equity dividends paid		**(8.5)**	(6.9)	(10.9)
Issue of ordinary share capital		**0.8**	0.4	1.1
Purchase of own shares		**-**	(0.9)	(1.1)
Net cash used in financing activities		**(8.1)**	(8.1)	(11.7)
Net (decrease)/increase in cash and cash equivalents		**(16.6)**	(14.3)	0.5
Cash and cash equivalents at beginning of period		**24.8**	22.7	22.7
Effect of foreign exchange rate changes		**-**	-	1.6
Cash and cash equivalents at end of period		**8.2**	8.4	24.8

Notes

1 General information and accounting policies

The annual financial statements of Mothercare plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this half yearly report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The group's business activities, together with factors likely to affect its future development, performance and position are set out on pages 1 to 8 and include a summary of the group's financial position, its cash flows and borrowing facilities and a discussion of why the directors consider that going concern basis is appropriate.

The same accounting policies, presentation methods and methods of computation are followed in the condensed set of financial statements as applied in the group's latest annual audited financial statements except that: the taxation charge for the half-year is calculated by applying the best estimate of the average annual effective tax rate expected for the full year to the profit for the period; in the current year the group has adopted International Financial Reporting Standard 8 'Operating Segments', International Accounting Standard 1 'Presentation of Financial Statements' (revised 2007) and Amendments to IAS 38 'Intangible Assets'.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 'Segment Reporting') required the group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, the segmental information required by IAS 34 which is included in note 2 below is presented in accordance with IFRS 8. The comparatives have been restated accordingly.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements.

Amendments to IAS 38 require that when an entity has a right to access or has taken delivery of mail order catalogues or advertisement, any associated expenditure must be recognised as an expense. Historically, and in line with a number of similar companies, the group had prepaid the costs of preparing catalogues until the catalogue had been distributed and the benefits of sales associated with the costs of the catalogue were obtained. This change in accounting policy has been applied retrospectively, the effect of which is disclosed in note 19.

(a) The results for the 28 weeks ended 10 October 2009 are unaudited but have been reviewed by the group's auditors, whose report forms part of this document. The information for the 52 weeks ended 28 March 2009 included in this report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

(b) Profit from retail operations
Profit from retail operations represents the profit generated from normal retail trading, prior to any gains or losses on property transactions. It also includes the volatility arising from non-cash foreign currency adjustments under IAS 39 and IAS 21.

(c) Underlying earnings
The Company believes that underlying profit before tax and underlying earnings provides additional useful information for shareholders. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit. A reconciliation of this alternative measure to the statutory measure required by IFRS is disclosed in note 7. The adjustments made to reported results are as follows:

Exceptional items: Due to their significance and one-off nature, certain items have been classified as exceptional. The gains and losses on these discrete items, such as profits on the disposal/termination of property interests, restructuring costs, distribution reorganisation costs and other non-operating items can have a material impact on the absolute amount of and trend in the profit from operations and the result for the period. Therefore any gains and losses on such items are analysed as non-underlying on the face of the income statement. Further details of the exceptional items are provided in note 4.

Non-cash foreign currency adjustments: The Company has taken the decision not to adopt hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement'. The effect of not applying hedge accounting under IAS 39 means that the reported results reflect the actual rate of exchange ruling on the date of a transaction regardless of the cash flow paid by the group at the predetermined rate of exchange. In addition, any gain or loss accruing on open contracts at a reporting period end is recognised in the result for the period (regardless of the actual outcome of the contract on close-out). Whilst the impacts described above could be highly volatile depending on movements in exchange rates, this volatility will not be reflected in the cash flows of the group, which will be based on the hedged rate. In addition, foreign currency monetary assets and liabilities are revalued to the closing balance sheet rate under IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The adjustment made by the group therefore is to report its underlying performance consistently with the cash flows, reflecting the hedging which is in place.

Amortisation of intangible assets: The average estimated useful life of identifiable intangible assets is 14 years. The amortisation of these intangible assets does not reflect the underlying performance of the business.

(d) Retirement benefits

In consultation with the independent actuaries to the schemes, the valuation of the pension obligation has been updated to reflect current market discount rates, current market values of investments and actual investment returns, and also to consider whether there have been any other events that would significantly affect the pension liabilities. The impact of these changes in assumptions and events has been estimated in arriving at the valuation of the pension obligation as disclosed in note 17.

Notes (continued)

2 Segmental information

Information reported to the group's Chief Executive is focussed on two operating segments: UK and International. UK comprises the group's UK store and wholesale operations, catalogue and web sales. The International business comprises the group's franchise and wholesale operations outside of the UK. These two segments are distinguished by the different nature of their risks and returns.

Segmental information about the UK and International businesses is presented below.

				28 weeks ended 10 October 2009 (unaudited)
	UK £ million	**International £ million**	**Unallocated Corporate Expenses £ million**	**Consolidated £ million**
Revenue				
External sales	**296.3**	**91.0**	**-**	**387.3**
Result				
Segment result (underlying)	**9.0**	**11.8**	**(4.4)**	**16.4**
Share based payments				**(6.1)**
Non-cash foreign currency adjustments				**(15.2)**
Amortisation of intangible assets				**(1.1)**
Exceptional items				**(0.6)**
Profit/(loss) from operations				**(6.6)**
Investment income				**-**
Finance costs				**(0.5)**
Profit/(loss) before taxation				**(7.1)**
Taxation				**2.2**
Profit/(loss) for the period				**(4.9)**

				28 weeks ended 11 October 2008 (unaudited) restated[1]
	UK £ million	International £ million	Unallocated Corporate Expenses £ million	Consolidated £ million
Revenue				
External sales	288.5	70.5	-	359.0
Result				
Segment result (underlying)	7.8	7.7	(3.9)	11.6
Share based payments				(2.5)
Non-cash foreign currency adjustments				7.0
Amortisation of intangible assets				(1.1)
Exceptional items				(1.7)
Profit from operations				13.3
Investment income				0.3
Finance costs				(0.4)
Profit before taxation				13.2
Taxation				(3.9)
Profit for the period				9.3

				52 weeks ended 28 March 2009 restated[1]
	UK £ million	International £ million	Unallocated Corporate Expenses £ million	Consolidated £ million
Revenue				
External sales	578.8	144.8	-	723.6
Result				
Segment result (underlying)	34.7	16.5	(6.6)	44.6
Share based payments				(7.6)
Non-cash foreign currency adjustments				11.8
Amortisation of intangible assets				(2.1)
Exceptional items				(3.6)
Profit from operations				43.1
Investment income				0.4
Finance costs				(1.5)
Profit before taxation				42.0
Taxation				(11.8)
Profit for the period				30.2

(1) Restated for Amendments to IAS 38 as described in note 19 and IFRS 8.

Notes (continued)

Corporate expenses not allocated to UK or International represent board and company secretarial costs and other head office costs including audit, professional fees, insurance and head office property.

3 Profit from operations

For the 28 weeks ended 10 October 2009, the loss from operations is stated after charging exceptional and non-underlying items of £16.9 million (2008: credit of £4.2 million). See note 4 for further details.

4 Exceptional and non-underlying items

Due to their significance and one-off nature, certain items have been classified as exceptional or non-underlying as follows:

	28 weeks ended 10 October 2009 (unaudited) £ million	28 weeks ended 11 October 2008 (unaudited) £ million	52 weeks ended 28 March 2009 £ million
Exceptional items:			
Loss on disposal/termination of property interests	**-**	(1.2)	(2.1)
Integration of ELC included in cost of sales	**-**	(0.5)	(1.5)
Integration of ELC included in administrative expenses	**(0.6)**	-	-
Unwinding of discount on exceptional provision included in finance costs	**(0.2)**	-	(1.0)
Other non-underlying items:			
Non-cash foreign currency adjustments	**(15.2)**	7.0	11.8
Amortisation of intangibles	**(1.1)**	(1.1)	(2.1)
Exceptional and non-underlying items before tax	**(17.1)**	4.2	5.1

Integration of the Early Learning Centre

During the 28 weeks ended 10 October 2009 a charge of £0.6 million has been recognised in administrative expenses relating to restructuring costs.

During the 28 weeks ended 11 October 2008 a charge of £0.5 million was recognised in cost of sales relating to pre-opening marketing costs for Early Learning Centre inserts in Mothercare stores.

Unwinding of discount on exceptional provisions

During the 28 weeks ended 10 October 2009, a charge of £0.2 million (2008: £nil) was recognised in finance costs relating to the unwinding of the discount on exceptional property provisions.

Non-cash foreign currency adjustments

During the 28 weeks ended 10 October 2009, a net charge of £15.2 million (2008: credit of £7.0 million) was included within cost of sales as a result of non-cash foreign currency adjustments under IAS 39 and IAS 21.

Amortisation of intangibles

During the 28 weeks ended 10 October 2009, amortisation of intangibles arising on the acquisition of the Early Learning Centre of £1.1 million (2008: £1.1 million) was charged to cost of sales.

Loss on disposal/termination of property interests

In 2008 a charge of £1.2 million was recorded in profit from operations relating to provisions against subleases.

Notes (continued)

5 Taxation

	28 weeks ended 10 October 2009 (unaudited) £ million	28 weeks ended 11 October 2008 (unaudited) restated[1] £ million	52 weeks ended 28 March 2009 restated[1] £ million
Current tax: UK corporation tax	**2.5**	1.9	8.3
Deferred tax: charge for timing differences (comprises utilisation of tax losses and deductions for pension contributions)	**(4.7)**	2.0	3.5
Total tax (credit)/charge	**(2.2)**	3.9	11.8

(1) Restated for Amendments to IAS 38 as described in note 19.

The tax charge is comprised of current and deferred tax and is calculated at 30 per cent (2008: 31 per cent) representing the best estimate of the average annual underlying effective income tax rate expected for the full year.

The net deferred tax asset at 10 October 2009 is £12.2 million including £13.3 million of deferred tax assets in relation to retirement benefit obligations (2008: liability £3.7 million).

6 Dividends

	28 weeks ended 10 October 2009 £ million	28 weeks ended 11 October 2008 £ million	52 weeks ended 28 March 2009 £ million
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the 52 weeks ended 28 March 2009 of 9.9 pence per share (2008: 8.3 pence per share)	**8.5**	6.9	6.9
Interim dividend for the 52 weeks ended 28 March 2009 of 4.6 pence per share	**-**	-	4.0
	8.5	6.9	10.9

The proposed interim dividend of 5.5 pence per share for the 28 weeks ended 10 October 2009 was approved by the board on 18 November 2009, and so, in line with the requirements of IAS 10 'Events after the Balance Sheet Date', the related cost of £4.7 million has not been included as a liability as at 10 October 2009. This dividend will be paid on 5 February 2010 to shareholders registered on 8 January 2010.

7 Earnings per share

	28 weeks ended 10 October 2009 (unaudited) million	28 weeks ended 11 October 2008 (unaudited) million	52 weeks ended 28 March 2009 million
Weighted average number of shares in issue	**84.1**	83.4	83.5
Dilution – option schemes[2]	**2.0**	2.6	2.7
Diluted weighted average number of shares in issue[2]	**86.1**	86.0	86.2
	£ million	£ million restated[1]	£ million restated[1]
(Loss)/earnings for basic and diluted earnings per share	**(4.9)**	9.3	30.2
Charge/(credit) arising on non-cash foreign currency adjustments	**15.2**	(7.0)	(11.8)
Amortisation of intangibles arising on acquisition of ELC	**1.1**	1.1	2.1
Exceptional items (note 4)	**0.8**	1.7	4.6
Tax effect of above items	**(5.1)**	1.2	1.6
Underlying earnings	**7.1**	6.3	26.7
	Pence	Pence restated[1]	Pence restated[1]
Basic (loss)/earnings per share	**(5.9p)**	11.2	36.2
Basic underlying earnings per share	**8.4p**	7.6	32.0
Diluted (loss)/earnings per share	**(5.9p)**	10.8	35.0
Diluted underlying earnings per share	**8.2p**	7.3	31.0

(1) Restated for Amendments to IAS 38 as described in note 19.
(2) Related to underlying earnings per share.

Notes (continued)

8 Seasonality of the Early Learning Centre

Sales for the Early Learning Centre are more heavily weighted towards the second half of the calendar year, with approximately 40% of annual sales occurring in the third quarter (mid-October to early January).

9 Property, plant and equipment (excluding software intangibles)

During the period, the group invested £8.7 million (2008: £12.4 million) comprising additions to Stores (£6.1 million; 2008: £10.8 million), Systems (£0.8 million; 2008: £0.2 million), Product Development (£0.8 million; 2008: £0.6 million), Distribution (£0.2 million; 2008: £0.3 million) and other items (£0.8 million; 2008: £0.5 million).

10 Bank loans and overdrafts

The group had no outstanding borrowings as at 10 October 2009 (2008: £nil).

11 Share capital

Share capital as at 10 October 2009 amounted to £44.0 million. During the period, the group issued 0.5 million shares, bringing the total number of shares in issue at 10 October 2009 to 88.1 million.

12 Trade and other receivables

	10 October 2009 (unaudited) £ million	11 October 2008 (unaudited) restated[1] £ million	28 March 2009 restated[1] £ million
Trade receivables	**36.4**	31.6	34.1
Prepayments and accrued income	**20.8**	24.8	15.1
Other receivables	**4.5**	3.9	3.3
VAT receivable	**-**	2.2	1.9
	61.7	62.5	54.4

(1) Restated for Amendments to IAS 38 as described in note 19.

13 Trade and other payables

	10 October 2009 (unaudited) £ million	11 October 2008 (unaudited) restated[1] £ million	28 March 2009 restated[1] £ million
Current liabilities:			
Trade payables	**72.3**	64.5	58.9
Payroll and other taxes, including social security	**3.8**	3.9	2.2
Accruals and deferred income	**44.9**	41.9	45.4
VAT payable	**0.8**	-	-
Lease incentives	**2.7**	2.3	2.2
	124.5	112.6	108.7
Non-current liabilities:			
Lease incentives	**22.9**	17.8	19.6

(1) Restated for Amendments to IAS 38 as described in note 19.

Notes (continued)

14 Provisions

	10 October 2009 (unaudited) £ million	11 October 2008 (unaudited) £ million	28 March 2009 £ million
Current liabilities:			
Property provisions	**9.2**	11.0	8.2
Integration provisions	**-**	6.9	3.3
Other provisions	**0.4**	0.5	0.4
Short term provisions	**9.6**	18.4	11.9
Non-current liabilities:			
Property provisions	**10.4**	9.8	13.3
Integration provisions	**-**	0.2	-
Other provisions	**0.4**	0.6	0.4
Long-term provisions	**10.8**	10.6	13.7
Total liabilities:			
Property provisions	**19.6**	20.8	21.5
Integration provisions	**-**	7.1	3.3
Other provisions	**0.8**	1.1	0.8
Total provisions	**20.4**	29.0	25.6

The movement on total provisions is as follows:

	Property provisions £ million	Integration provisions £ million	Other provisions £ million	Total provisions £ million
Balance at 28 March 2009	21.5	3.3	0.8	**25.6**
Utilised in period	(3.6)	(1.8)	(0.1)	**(5.5)**
Charged in period	3.1	-	0.1	**3.2**
Released in period	(1.6)	(1.5)	-	**(3.1)**
Unwinding of discount	0.2	-	-	**0.2**
Balance at 10 October 2009 (unaudited)	**19.6**	**-**	**0.8**	**20.4**

Property provisions principally represent the costs of store disposals relating to the optimisation of the UK portfolio which involves the closure and resiting of Mothercare and Early Learning Centre stores and onerous lease costs relating to Early Learning Centre's supply chain. The timing of the utilisation of the above provisions is variable dependent upon the lease expiry dates of the properties concerned.

Integration provisions principally represented the restructure of the Early Learning Centre's head offices and supply chain, the opening of Early Learning Centre inserts in Mothercare stores, the realignment of international franchise agreements and the integration programme.

Other provisions principally represent provisions for uninsured losses, hence the timing of the utilisation of these provisions is uncertain.

Notes (continued)

15 Notes to the cash flow statement

	28 weeks ended 10 October 2009 (unaudited) £ million	28 weeks ended 11 October 2008 (unaudited) restated[1] £ million	52 weeks ended 28 March 2009 restated[1] £ million
(Loss)/profit from retail operations	**(6.3)**	14.8	45.6
Adjustments for:			
Depreciation of property, plant and equipment	**8.8**	9.1	17.3
Amortisation of intangible assets – software	**1.7**	1.5	2.6
Amortisation of intangible assets – other	**1.1**	1.1	2.1
Loss on disposal of property, plant and equipment	**0.8**	2.2	2.4
Loss on disposal of intangible assets – software	**0.2**	-	-
Loss/(gain) on non-underlying non-cash foreign currency adjustments	**15.2**	(7.0)	(11.8)
Equity settled share based payments	**1.0**	1.4	2.5
Movement in property provisions	**(2.1)**	(1.9)	(3.1)
Movement in integration provisions	**(3.3)**	(6.5)	(10.3)
Movement in other provisions	**-**	-	(0.3)
Amortisation of lease incentives	**(1.4)**	(1.2)	(2.2)
Lease incentives received	**5.2**	3.8	6.6
Payments to retirement benefit schemes	**(4.8)**	(1.9)	(5.0)
Charge to profit from operations in respect of retirement benefit schemes	**1.8**	1.3	1.2
Operating cash flow before movements in working capital	**17.9**	16.7	47.6
Increase in inventories	**(24.0)**	(13.4)	(14.9)
Increase in receivables	**(7.8)**	(11.4)	(2.4)
Increase in payables	**19.0**	17.3	9.8
Net cash flow from operations	**5.1**	9.2	40.1
Income taxes paid	**(2.2)**	(0.1)	(5.2)
Net cash flow from operating activities	**2.9**	9.1	34.9

	10 October 2009 (unaudited) £ million	11 October 2008 (unaudited) £ million	28 March 2009 £ million
Analysis of cash and cash equivalents:			
Cash at bank and in hand	**8.2**	8.4	24.8
Cash and cash equivalents	**8.2**	8.4	24.8

(1) Restated for Amendments to IAS 38 as described in note 19.

16 Share based payments

An expense is recognised for share based payments based on the fair value of the awards at the date of grant, the estimated number of shares that will vest and the vesting period of each award. The charge for share based payments under IFRS 2 is £6.1 million (28 weeks ended 11 October 2008: £2.5 million) of which £1.0 million (28 weeks ended 11 October 2008: £1.4 million) will be equity settled. The group used the assumptions as previously published to measure the fair values of the share based payments.

17 Defined benefit schemes

The group has updated its accounting for pensions under IAS 19 as at 10 October 2009. This involved rolling forward the assumptions from the prior year end and updating for changes in market rates in the first half. For the UK schemes, based on the actuarial assumptions from the last full actuarial valuations carried out at 31 March 2008, a liability of £44.5 million has been recognised.

18 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates are disclosed below.

Notes (continued)

Trading transactions:

Joint ventures	Sales of goods £ million	Amounts owed by related parties £ million
28 weeks ended 10 October 2009 (unaudited)	0.7	0.7
28 weeks ended 11 October 2008 (unaudited)	0.8	0.7
52 weeks ended 28 March 2009	1.5	0.8

Sales of goods to related parties were made at the group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

19 Prior period restatement

Amendments to IAS 38 require that when an entity has a right to access or has taken delivery of mail order catalogues or advertisement, any associated expenditure must be recognised as an expense. Historically, and in line with a number of similar companies, the group prepaid the costs of preparing catalogues until the catalogue was distributed and the benefits of sales associated with the costs of the catalogue were obtained.

As a result of this change in policy the amounts disclosed in the accounts have been changed, and the comparatives restated, as follows:

Balance sheet adjustments:	11 October 2008 (unaudited) £ million	28 March 2009 £ million
Trade and other receivables (as previously reported)	63.2	55.7
Prior years' adjustments	(1.4)	(1.4)
2008/09 adjustment	0.7	0.1
Trade and other receivables (restated)	62.5	54.4
Trade and other payables (as previously reported)	(111.4)	(108.4)
Prior years' adjustments	-	-
2008/09 adjustment	(1.2)	(0.3)
Trade and other payables (restated)	(112.6)	(108.7)
Current tax liabilities (as previously reported)	(1.4)	(2.6)
Prior years' adjustments	0.4	0.4
2008/09 adjustment	0.2	0.1
Current tax liabilities (restated)	(0.8)	(2.1)

Income statement adjustments:	28 weeks ended 11 October 2008 (unaudited) £ million	52 weeks ended 28 March 2009 £ million
Profit before tax (as previously reported)	13.7	42.2
Adjustment	(0.5)	(0.2)
Profit before tax (restated)	13.2	42.0
Taxation (as previously reported)	(4.1)	(11.9)
Adjustment	0.2	0.1
Taxation (restated)	(3.9)	(11.8)

As a result of this change in policy, there was no impact on profit for the 28 weeks ended 10 October 2009.

Risks and uncertainties

The principal risks and uncertainties which could impact the Company's long-term performance remain those detailed on pages 29 and 30 of the Company's 2009 Annual Report and Accounts and which are summarised below:

- Continuity of supply
- Market conditions
- Foreign exchange rates risk
- Credit risk on international franchise operations
- Defined benefit pension scheme
- Logistics, distribution or IT systems failure
- Loss of key personnel

A copy of the Company's 2009 Annual Report and Accounts is available on the Company's website www.mothercareplc.com.

There are no additional primary uncertainties affecting the Company for the remainder of the financial year.

Certain statements in this report are forward looking. Although the group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 28 weeks of the year and description of principal risks and uncertainties for the 24 weeks of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the board

Ben Gordon
Chief Executive
18 November 2009

Independent review report to Mothercare plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 28 weeks ended 10 October 2009 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 28 week period ended 10 October 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
18 November 2009
London, UK

Shareholder information

Financial calendar

	2010
Payment of interim dividend	5 February
Preliminary announcement of results for the 52 weeks ending 27 March 2010	end May
Issue of report and accounts	mid June
Annual General Meeting	mid July
Payment of final dividend	end July
Announcement of interim results for the 28 weeks ended 9 October 2010	mid November

Registered office and head office
Cherry Tree Road, Watford, Hertfordshire WD24 6SH
Telephone 01923 241000
www.mothercareplc.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:

Equiniti Registrars
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone 0871 384 2013
www.equiniti.com

Low cost share dealing service
A postal share dealing service is available for the purchase and sale of Mothercare plc shares.

Further details can be obtained from:

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

ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation. The share transfer form needed to make a donation may be obtained from the Mothercare plc registrars, Equiniti Limited.

Further information about ShareGift is available from www.sharegift.org or by telephone on 020 7930 3737.