

ALEXON GROUP PLC
(“Alexon” or “the Company”)
Preliminary results for the 52 weeks ended 30 January 2010

Alexon Group plc announces its results for the 52 weeks ended 30 January 2010.

Financial highlights

- . Turnover down 13.6% at £153.4m (2009: £177.6m), like-for-like sales down 14.6%
- . Gross margin down by 1.9%
- . Pre-tax loss from continuing operations, before exceptional items, of £0.9m (2009: profit of £10.8m)
- . Pre-tax loss from continuing operations, after exceptional items, of £14.3m (2009: profit of £2.3m)
- . Exceptional items from continuing operations of £13.4m principally comprising onerous lease provisions
- . Year end net debt of £9.0m (2009: net cash of £5.3m)
- . No dividend proposed for the year (2009: 1.0 p per share)

Strategic and operational highlights

- . Review of business now completed with clear turnaround plan established
- . Clear strategy developed for each of the Group’s brands
- . Improved buying processes and excess stock eliminated
- . Strengthened operational structures and focus on cost management
- . Legacy issues of manufacturing division, pension scheme and Bay Trading addressed
- . Since the year end, successful equity issue raising £18.5m (net) to fund the Group’s property portfolio reorganisation and investment in the Group’s systems, concessions and stores

Current trading and outlook

- . Group like-for-like sales for the eleven weeks ended 17 April 2010 were minus 4%, in line with management’s expectations
- . Actions taken provide a strong platform for the Group to improve its financial performance going forward

Commenting on the results, Jane McNally, Chief Executive, said:

“This has, without doubt, been a difficult year for the UK retail industry and for the Alexon group in particular. Our performance was impacted not only by the challenging environment but by the impact of poor product legacy and onerous leases. Despite this, I am pleased to report that the Group made strong and sustained progress throughout the year as management focused on turning around the business, securing its target market and positioning it for future growth. We have now addressed the Group’s onerous property leases and secured the funding for investment in the business, which will enable us to accelerate our turnaround plan and have laid the foundation from which to develop.”

Enquiries:

Alexon Group plc 01582 723131

Jane McNally, Chief Executive Officer

John Boyle, Group Finance Director and Company Secretary

Brunswick Group LLP 020 7404 5959

Simon Sporborg / James Olley / Zoe Bird

Overview

2009 was a challenging year for Alexon, with the administration of Bay Trading, the continuing tough economic environment, combined with a need to recapitalise the business in order to drive the turnaround plan forward.

Group sales from continuing operations for the 52 weeks ended 30 January 2010 were down 14.6% on a like-for-like basis, with gross margins down 1.9% on the prior year as a result of larger markdowns required to clear stocks resulting from the poor trading over the year. The pre-tax loss from continuing operations, before exceptional items, was in line with management's expectations at £0.9 million (2009: profit of £10.8 million), reflecting the significant impact of extreme weather conditions, stock clearance activity and the significant disruption caused by the administration of Bay Trading. The pre-tax loss from continuing operations, after exceptional items of £13.4 million, was £14.3 million (2009: profit of £2.3 million).

The exceptional items in relation to continuing operations principally related to further provisions of £12.4 million in respect of the Group's onerous property leases. This was due to the worsening retail property market, and to reflect the cost of the agreements to surrender a significant number of onerous leases back to landlords as part of the Group's property portfolio reorganisation announced on 5 March 2010. Discussions with the landlords of the remaining properties continue as the Group seeks to reposition its store portfolio. Total net charges from exceptional items for the year, including those relating to discontinued operations, was £5.0 million (2009: loss of £37.5 million).

Loss per share from continuing operations and before exceptional items was 1.85p (2009: earnings per share of 20.92p). The loss per share from total operations was 12.98p (2009: loss per share of 62.92p). No dividends are proposed (2009: 1.0p per share).

Overall stock levels remain tightly controlled. Net debt as at 30 January 2010 was £9.0m (2009: net cash of £5.3m), after net cash outflow from continuing operations of £8.5 million and from discontinued operations of £5.8 million.

Turnaround plan

Since the arrival of Jane McNally as Chief Executive Officer in 2008, a detailed review of the business has been undertaken. Jane identified the priorities for the business and split them into actions for the immediate, medium term and longer term. To re-cap, these were:

Immediate – strengthen the management team and operational structures; improve buying and minimise excess aged stock; and clearer direction on brand and product design.

Medium term – new branding and product development for key brands; communicate change to customers; enhance multi-channel opportunities; drive more business through host stores; and reduce costs and put property portfolio on a sound footing.

Long term – revive all brands to growth and profitability; sustainable re-fit program; and reposition and enhance stand-alone store portfolio.

The immediate priorities have been completed whilst good progress has been made on the medium term priorities. During 2009 the Group made strong progress with the turnaround as we developed and implemented a clear strategy for each of our portfolio brands; strengthened our operational structures; secured bank, supplier and host store support; established a strong web presence and addressed legacy issues by taking the difficult decisions to wind down our manufacturing division, close our pension scheme to future accrual and put Epcoscan, which traded as Bay Trading Company, into administration.

In particular, on the property portfolio, agreements have been reached with a significant number of landlords to surrender onerous leases in exchange for a one-off payment. Further agreements have also been reached with landlords to renegotiate rental costs on some of the remaining stores where the rent was considered to be uneconomic. All brands are now trading on the web and during the year Kaliko started to trade through the John Lewis web site and all brands began

The Board believes there is an exciting opportunity to build on the strong heritage of the Alexon Brands; developing the Group's brand portfolio, exploiting a growing demographic market across the portfolio and capitalising on a solid business model with low fixed costs.

Dividend

In order to conserve the Group's cash resources, the Board has decided not to propose a final dividend in respect of the financial year ended 30 January 2010. Following the Capital Raising and Property Portfolio Reorganisation, the Group intends to adopt a dividend policy which will reflect the earnings and cashflow performance of the Group, while maintaining an appropriate level of dividend cover. Subject to the Group delivering a satisfactory performance and the restrictions on the payment of dividends contained within the new bank facilities, the Board will consider the payment of a small dividend in respect of the financial year ending 29 January 2011.

Capital Raising and Property Portfolio Reorganisation

On 24 March 2010, the Group completed an equity issue raising £18.5 million (net) in order to fund a property portfolio reorganisation which will result in the Group exiting a significant number of its onerous property leases. As part of the turnaround plan, the Group prioritised 63 specific onerous leases on account of their unfavourable commercial terms and/or inappropriate locations, representing an annualised cash cost to the Group of approximately £7.0 million. As at 21 April 2010 the Group:

- has completed the exit or surrender of 36 leases at a total cost of £5.8m
- is in negotiation with landlords with regard to the surrender of a further 7 leases
- is actively marketing 10 leases with a view to securing lease assignments
- will surrender one further lease on 23 April 2010 at a cost of £0.1m

Action plans are being formulated for the remaining 9 onerous leases. In the case of 15 of the surrendered leases, the Group has negotiated terms allowing it to continue trading rent free for a specified period ranging from 3 months to 3 years.

Of the net proceeds of the capital raising, approximately £10 million will be used to satisfy the consideration payable for the property portfolio reorganisation plus costs. The balance of approximately £8 million will be used to invest in the Group's outdated systems and infrastructure, re-fit the Group's existing concessions and invest in new concessions and new store openings. This is a significant step for the business and has provided a strong platform for the business to return to growth.

As part of the capital raising, the Group also secured new three year bank facilities from Barclays, comprising an £9.5 million revolving credit facility, a £6 million amortising term loan and £6m of ancillary facilities, which provide the Group with the appropriate flexibility to implement the turnaround plan.

Current trading

Group like-for-like sales for the eleven weeks ended 17th April 2010 were minus 4%.

However with the exception of Alex & Co, all of the Group's brands are performing in line with management's expectations. Dash in particular continues to perform well, growing sales year on year through new openings and the launch of the 'Pure Dash' sub brand. The new spring summer collections have been well received by host store partners and are building on the improvements seen in the autumn winter season last year.

Since the beginning of the year the Group has had 53 offers of further outlets in existing and new department stores, of which 28 have opened.

Outlook

Whilst the outlook for the UK retail sector continues to remain uncertain, we have made good progress in implementing our turnaround plan and positioning the business for a return to growth. Accordingly, the Board is confident that the Group now has a strong foundation from which to develop.

ALEXON GROUP PLC
Consolidated Income Statement
For the 52 weeks to 30 January 2010

	2010 (52 weeks)			2009 (53 weeks) restated			
	Note	Pre-exceptional items £000	Exceptional items (see note 1) £000	Total £000	Pre-exceptional items £000	Exceptional items (see note 1) £000	Total £000
Revenue - continuing operations		153,382	-	153,382	177,593	-	177,593
Cost of sales		(139,333)	(12,964)	(152,297)	(152,945)	(7,463)	(160,408)
Gross profit/(loss) - continuing operations		14,049	(12,964)	1,085	24,648	(7,463)	17,185
Administrative expenses		(7,311)	(395)	(7,706)	(6,869)	(1,052)	(7,921)
Distribution costs		(7,102)	-	(7,102)	(7,433)	-	(7,433)
Operating (loss)/profit – continuing operations		(364)	(13,359)	(13,723)	10,346	(8,515)	1,831
Finance income		96	-	96	510	-	510
Finance expense		(624)	-	(624)	(85)	-	(85)
(Loss)/profit before taxation		(892)	(13,359)	(14,251)	10,771	(8,515)	2,256
Income tax credit/(expense)	3	67	-	67	(1,423)	1,034	(389)
(Loss)/profit for the financial period from continuing operations attributable to equity holders of the company		(825)	(13,359)	(14,184)	9,348	(7,481)	1,867
Profit/(loss) from discontinued operations	1b	-	8,382	8,382	-	(29,983)	(29,983)
(Loss)/profit for the financial period attributable to equity holders of the company		(825)	(4,977)	(5,802)	9,348	(37,464)	(28,116)
(Losses)/earnings per share from continuing operations attributable to equity holders of the company during the period							
Basic and diluted	4			(31.74)p			4.18p
Earnings/(losses) per share from discontinued operations attributable to equity holders of the company during the period							
Basic and diluted	4			18.76p			(67.10)p
Losses per share from total operations attributable to equity holders of the company during the period							
Basic and diluted	4			(12.98)p			(62.92)p

ALEXON GROUP PLC
Consolidated Statement of Comprehensive Income
For the 52 weeks to 30 January 2010

	2010	2009
	52 weeks	53 weeks
		(restated)
	£000	£000
Loss for the financial period	(5,802)	(28,116)
Other comprehensive income:		
Actuarial gain/(loss) arising in defined benefit pension scheme	117	(2,508)
(Loss)/gain on cash flow hedges	(3,635)	3,820
Other comprehensive (expense)/income for the period, net of tax	(3,518)	1,312
Total recognised expense for the financial period		
attributable to equity holders of the Company	(9,320)	(26,804)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive expense/income is disclosed in note 3.

ALEXON GROUP PLC
Consolidated Balance Sheet
As at 30 January 2010

	2010		2009 (restated)
	£000	£000	£000
Non-current assets			
Property, plant and equipment	5,116		6,298
Deferred tax	2,343		679
		7,459	6,977
Current assets			
Inventory	27,705		29,856
Trade and other receivables	10,917		17,705
Derivative financial instruments	452		4,809
Current tax recoverable	-		581
Cash and cash equivalents	650		5,284
		39,724	58,235
Current liabilities			
Trade and other payables	(25,692)		(30,311)
Current tax payable	(885)		-
Short term borrowings	(9,649)		-
		(36,226)	(30,311)
Net current assets		3,498	27,924
Non-current liabilities			
Long term provisions	(12,038)		(25,712)
Accruals and deferred income	(227)		(444)
Pension liabilities	(3,404)		(4,137)
Total non-current liabilities		(15,669)	(30,293)
Net (liabilities)/assets		(4,712)	4,608
Equity attributable to equity holders			
Share capital	5,689		5,689
Share premium	22,066		22,066
Capital redemption reserve	20,215		20,215
Cash flow hedge reserve	336		3,971
Retained deficit	(53,018)		(47,333)
Total equity		(4,712)	4,608

ALEXON GROUP PLC
Consolidated Statement of Changes in Equity
For the 52 weeks to 30 January 2010

	Share capital	Share premium	Capital redemption reserve	Cash flow hedge reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
At 26 January 2008 as previously reported	10,902	22,189	15,002	210	(13,640)	34,663
Reclassification				(59)	59	-
At 26 January 2008 as restated	10,902	22,189	15,002	151	(13,581)	34,663
Loss for the period	-	-	-	-	(28,116)	(28,116)
<i>Other comprehensive income:</i>						
Actuarial loss arising in defined benefit pension scheme, net of tax	-	-	-	-	(2,508)	(2,508)
Gain on cash flow hedges, net of tax	-	-	-	3,820	-	3,820
<i>Transactions with owners:</i>						
Costs associated with the issue of shares		(123)				(123)
Cancellation of shares	(5,213)		5,213	-		-
Dividends paid	-	-		-	(3,128)	(3,128)
At 31 January 2009	5,689	22,066	20,215	3,971	(47,333)	4,608
Loss for the period	-	-	-	-	(5,802)	(5,802)
<i>Other comprehensive income:</i>						
Actuarial gain arising in defined benefit pension scheme, net of tax	-	-	-	-	117	117
Loss on cash flow hedges, net of tax	-	-	-	(3,635)	-	(3,635)
At 30 January 2010	5,689	22,066	20,215	336	(53,018)	(4,712)

ALEXON GROUP PLC
Consolidated Statement of Cash Flows
For the 52 weeks to 30 January 2010

		2010 (52 weeks)		2009 (53 weeks) restated	
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Cash (used in)/generated from continuing operations	5	(8,409)		12,850	
Interest received (continuing operations)		96		498	
Interest paid (continuing operations)		(59)		(56)	
Tax received (continuing operations)		1,616		873	
Cash used in discontinued operations	5	(6,100)		(7,104)	
Net cash (used in)/generated from operating activities			(12,856)		7,061
Investing activities					
Income/(costs) associated with the disposal of a subsidiary undertaking		423		(1,601)	
Purchase of property, plant and equipment (continuing operations)		(1,808)		(1,420)	
Purchase of property, plant and equipment (discontinued operations)		(99)		(1,008)	
Proceeds from disposals of property, plant and equipment (continuing operations)		57		32	
Costs from disposals of property, plant and equipment (discontinued operations)		-		(46)	
Net cash used in investing activities			(1,427)		(4,043)
Financing activities					
Costs from the issue of shares		-		(123)	
Dividends paid to Company's shareholders		-		(3,128)	
Net cash used in financing activities			-		(3,251)
Net decrease in cash and cash equivalents			(14,283)		(233)
Cash and cash equivalents at the beginning of the period			5,284		5,517
Cash and cash equivalents at the end of the period			(8,999)		5,284

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52 weeks to 30 January 2010

Notes to the financial information

This financial information does not comprise statutory statements for the purpose of the Companies Act 2006. Financial information contained in this announcement for the 52 weeks ended 30 January 2010 is unaudited and has been extracted from the draft financial statements which will be delivered to the Registrar of Companies in due course. Financial information for the 53 weeks ending 31 January 2009 has been extracted from the statutory accounts for that period and restated in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations) to reflect the administration of Epcoscan Limited. The report of the auditors on those accounts was unqualified but did contain an emphasis of matter paragraph concerning the placing into administration subsequent to the year end of the Group's material subsidiary undertaking, Epcoscan Limited, which operated the Bay Trading business.

The directors approved this announcement on 21 April 2010.

Basis of preparation

Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS's) as adopted for use in the European Union and as issued by the International accounting Standards Board, this announcement does not itself contain sufficient information to comply with IFRS's.

The preliminary announcement for the 52 weeks ending 30 January 2010 has been prepared on a consistent basis with the financial accounting policies set out in the Accounting Policies section of the Alexon Group plc Annual Report and Accounts 2009 with the exception of the following standards and amendments which have been applied during the period:

- IFRS 8, Operating segments;
- IAS 1 (Revised), Presentation of financial statements; and
- IFRS 7, Financial instruments – disclosures (amendment).

The adoption of the above standards and amendments have only impacted presentational aspects of the results for the 52 weeks ending 30 January 2010 and have had no impact on the Group's reported results.

On 24 April 2009 the Company withdrew its financial support from its wholly owned subsidiary undertaking, Epcoscan Limited ("Epcoscan") which operated the Bay Trading business, in response to being notified that credit insurance was being withdrawn from all the Group's suppliers. Epcoscan was subsequently placed into administration on 27 April 2009 with Deloitte LLP appointed as administrators. The Company ceased to control Epcoscan from that date. In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations) the results of Epcoscan from the beginning of the period until the date of administration have been included within discontinued operations in the income statement and statement of cash flows together with the surplus arising on disposal. Comparative information for the 53 weeks ending 31 January 2009 has been restated. Further details are provided in note 1b.

On 5 March 2010 the Company announced that it was proposing to raise approximately £20.3 million (£18.5 million net of expenses) by way of a Firm Placing and Placing and Open Offer of New Ordinary Shares. The resolutions authorising the Directors to allot the New Ordinary Shares were passed at an Extraordinary General Meeting of the Company held on 23 March 2010. The proceeds of the share issue will be used to satisfy the consideration payable for the surrender of a number of leases which the Group considered to be onerous, invest in improving the Group's outdated systems and infrastructure, re-fit a number of the Group's existing concession outlets and open new concessions and stores in locations which match the demographics of the Group's brand portfolio.

Following the share issue the Company also entered into new banking facilities with Barclays Bank plc which provided a committed facility expiring in March 2013. The agreement to provide new banking facilities was conditional upon the Company receiving a minimum of £15.5 million by way of net proceeds from the new share issue.

Prior to negotiating the new banking facilities the directors prepared a detailed forecast of future cash flows taking into account the cost savings which would be generated by the surrender of the onerous leases and the expected impact of the investment in systems and new and existing outlets. As a result of these forecasts the Board is of the opinion that, taking into account the net proceeds of the Capital Raising and the new bank facilities, the Group has sufficient working capital for at least the next twelve months. Consequently, the directors have prepared the

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52 weeks to 30 January 2010

Notes to the financial information

1. Exceptional items

1a Continuing operations

The following exceptional costs were incurred by the Group during the period in relation to continuing operations.

	2010	2009
	52 weeks	53 weeks
		(restated)
	£000	£000
Impairment of property, plant & equipment	460	506
Costs relating to onerous lease commitments	12,388	6,957
Redundancy costs	116	-
Exceptional items within cost of sales	<u>12,964</u>	<u>7,463</u>
Pension curtailment gain	(599)	-
Fees relating to the restructuring of the Group's finances	994	-
Management restructure	-	1,052
Exceptional items within administrative expenses	<u>395</u>	<u>1,052</u>
Total exceptional items	<u>13,359</u>	<u>8,515</u>

The impairment of property, plant and equipment arises from a comparison of the value-in-use of individual trading outlets with their net book value where circumstances indicate a possible impairment.

Onerous lease provisions are made in respect of those leases which are considered onerous on the basis that the stores to which they relate are expected to generate net cash outflows over the remaining lease term. The provision represents the lowest net unavoidable cost of a lease contract. It is calculated as either:

- the negotiated exit cost in circumstances where agreement to exit the lease has been reached with the landlord, or,
- the lower of the forecast trading losses or lease rental costs for the remainder of the lease term..

The results for continuing operations before exceptional items shown in the income statement include amounts relating to stores which have been designated as onerous leases. Amounts provided for future years are included within exceptional items, however, losses of £3.4 million incurred in the 52 weeks to 30 January 2010 have been included in pre-exceptional results. The turnover associated with this loss is £14.8 million and is also included in pre-exceptional results in the income statement.

The pension curtailment gain arises from the reduction in the present value of the defined benefit scheme's liabilities resulting from the decision to cease future benefit accrual as at 31 July 2009.

Costs relating to the restructure of the Group's finances were professional fees incurred in the Group's capital restructuring and negotiation of new banking facilities.

Costs incurred in 2009 in relation to the management restructure relate to the retirement and replacement of the Chief Executive Officer and a subsequent senior management reorganisation.

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52 weeks to 30 January 2010

Notes to the financial information (continued)

1b Discontinued operations

On 27 April 2009 the Group placed Epcoscan Limited, which operated the Bay Trading business, into administration.

The net surplus arising from the beginning of the period to the date of administration which is included in discontinued operations within the consolidated income statement is analysed below.

	2010	2009
	52 weeks	53 weeks
		(restated)
	£000	£000
Operating loss		
Revenue	12,339	72,699
Expenses	<u>(18,202)</u>	<u>(102,659)</u>
Operating loss	(5,863)	(29,960)
Net finance income/(expense)	<u>2</u>	<u>(14)</u>
Loss before taxation	(5,861)	(29,974)
Tax on operating loss	<u>-</u>	<u>(523)</u>
Loss after taxation	<u>(5,861)</u>	<u>(30,497)</u>
Net liabilities of subsidiary company disposed	12,943	-
Proceeds of disposal	<u>1,300</u>	<u>514</u>
Profit on disposal	<u>14,243</u>	<u>514</u>
Total profit/(loss) from discontinued operations	<u>8,382</u>	<u>(29,983)</u>

Proceeds of disposal of £514,000 in 2009 relate to the disposal of Style Menswear.

2. Segmental information

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer and Finance Director as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. Previously, segments were determined and presented in accordance with IAS 14 "Segmental Reporting".

Following the administration of Epcoscan Limited on 27 April 2009 the Group considers that the continuing operations meet the aggregation criteria included within IFRS 8 and consequently only one segment exists.

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Notes to the financial information (continued)

3. Taxation

		2010	2009
		52 weeks	53 weeks
		£000	£000
			(restated)
The taxation (credit)/charge for the period comprises:			
Current tax	Continuing operations:		
	- current period	228	261
	- adjustment in respect of previous periods	-	358
	Discontinued operations:		
	- current period	-	82
	- adjustment in respect of previous periods	-	56
	Total current tax	228	757
Deferred tax	Continuing operations:	(295)	(230)
	Discontinued operations:	-	385
	Total deferred tax	(295)	155
Total taxation	Continuing operations:	(67)	389
	Discontinued operations:	-	523
		(67)	912
Tax on items credited/(charged) to equity:			
	Deferred tax credit/(charge) on hedging instruments	1,414	(1,485)
	Deferred tax (charge)/credit on pensions	(45)	975
		1,369	(510)
The tax for the period is higher (2009: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below:			
	(Loss)/profit on ordinary activities before taxation	(14,251)	2,256
	(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2009: 28.33%)	(3,990)	639
Effects of:			
Expenses not deductible for tax purposes:	non-qualifying depreciation	65	137
	loss on disposal of non-qualifying assets	-	1
	other disallowables	1,297	1,071
	unrelieved foreign tax	228	261
	unrelieved trading losses arising in the period	2,610	-
	group relief from discontinued operations	-	(1,666)
	Adjustments in respect of previous periods	(277)	(54)
	Total tax (credit)/charge from continuing operations for the period	(67)	389

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52 weeks to 30 January 2010

Notes to the financial information (continued)

4. Earnings per share - continuing operations

The calculation of basic earnings per ordinary share is based on losses from continuing operations of **£14,184,000** (2009 restated: profit of £1,867,000) and on **44,686,680** ordinary shares (2009: 44,686,680) being the weighted average number of ordinary shares in issue.

	2010			2009 (restated)		
	Losses (£)	Weighted average number of shares	Per share pence	Earnings (£)	Weighted average number of shares	Per share Pence
Basic (losses)/earnings	(14,184,000)	44,686,680	(31.74)	1,867,000	44,686,680	4.18

Earnings per share - discontinued operations

The calculation of basic earnings per ordinary share is based on profits from discontinued operations of **£8,382,000** (2009 restated: losses of £29,983,000) and on **44,686,680** ordinary shares (2009: 44,686,680) being the weighted average number of ordinary shares in issue.

	2010			2009 (restated)		
	Earnings (£)	Weighted average number of shares	Per share pence	Losses (£)	Weighted average number of shares	Per share pence
Basic earnings/(losses)	8,382,000	44,686,680	18.76	(29,983,000)	44,686,680	(67.10)

Earnings per share – total operations

The calculation of basic earnings per ordinary share is based on losses from total operations of **£5,802,000** (2009 restated: £28,116,000) and on **44,686,680** ordinary shares (2009: 44,686,680) being the weighted average number of ordinary shares in issue.

	2010			2009 (restated)		
	Losses (£)	Weighted average number of shares	Per share pence	Losses (£)	Weighted average number of shares	Per share pence
Basic losses	(5,802,000)	44,686,680	(12.98)	(28,116,000)	44,686,680	(62.92)

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. However, due to their anti-dilutive nature, the options have been excluded from the current and prior period calculation of weighted average number of shares.

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Notes to the financial information (continued)

5. Notes to the statement of cash flows

	2010 52 weeks £000	2009 53 weeks (restated) £000
Cash generated from continuing operations		
Operating (loss)/profit - continuing operations	(13,723)	1,831
Adjustments for:		
Depreciation	1,127	1,196
Impairment of property, plant and equipment	460	506
Loss on disposal of property, plant and equipment	66	87
Adjustment in respect of net retirement benefit obligations	(999)	(218)
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	2,478	2,546
(Increase)/decrease in inventories	(788)	1,893
Increase/(decrease) in trade and other payables	3,923	(1,218)
(Decrease)/increase in long term provisions, accruals and deferred income	(953)	6,227
Cash (used in)/generated from continuing operations	(8,409)	12,850
	2010 52 weeks £000	2009 53 weeks (restated) £000
Cash generated from discontinued operations		
Operating loss - discontinued operations	(5,863)	(29,960)
Adjustments for:		
Depreciation	212	845
Impairment of property, plant and equipment	-	759
Impairment of goodwill	-	11,867
Loss on disposal of property, plant and equipment	-	170
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	1,546	312
(Increase)/decrease in inventories	(1,490)	1,574
Decrease in trade and other payables	(507)	(1,389)
Increase in long term provisions, accruals and deferred income	-	8,698
Cash used in discontinued operations	(6,102)	(7,124)
Interest paid	(1)	(25)
Interest received	3	11
Tax received	-	34
Cash flows from operating activities - discontinued operations	(6,100)	(7,104)

ALEXON GROUP PLC
52 weeks to 30 January 2010

Notes to the financial information (continued)

6. Dividends

	2009 53 Weeks £000's
Final dividend in respect of 2008 of 6p per ordinary share	2,681
Interim dividend in respect of 2009 of 1p per ordinary share	<u>447</u>
	<u>3,128</u>

The Board has decided not to declare an ordinary dividend for the 52 weeks ended 30 January 2010.