

**ALEXON GROUP PLC**  
**(“Alexon” or “the Company” or the “Group”)**  
**Unaudited preliminary results for the 52 weeks ended 29 January 2011**

Alexon Group plc announces its preliminary results for the 52 weeks ended 29 January 2011 demonstrating further progress with its turnaround, a return to profitability and encouraging current trading, which is broadly in line with management expectations.

#### **Financial highlights**

- Turnover was £135.9m (2010: £153.4m), with like-for-like sales down 3.4%
- Gross margin up by 10 basis points
- Pre-tax profit from continuing operations, before exceptional items, of £0.8m (2010: loss of £0.9m), in line with our expectations at the time of the Group’s trading update on 27 January 2011
- Pre-tax profit from continuing operations, after exceptional items, of £0.1m (2010: loss of £14.3m)
- Full year results significantly impacted by the adverse weather in December which we estimate reduced the Group’s revenue and profits by approximately £5m and £1.6m respectively
- Year end net debt of £8.7m (2010: net debt of £9.0m)
- No dividend proposed for the year (2010: nil)

#### **Strategic and operational highlights**

- Challenging trading conditions but continued progress with turnaround strategy and strengthening of management team and operational infrastructure
- Refinancing and Capital Raising completed in March 2010
- Continued progress on key priorities identified at the time of the Capital Raising
  - Planned property portfolio reorganisation complete – exited 51 onerous loss-making leases resulting in annualised cash cost savings of £6.6m
  - Further progress made in brand marketing, design and incremental product areas
  - Online sales expanding rapidly - up 144% year on year
  - 51 concession and store refits completed
  - 115 new concessions opened in the year
  - Logistics consolidation and implementation of new warehouse management system
- Increase in existing bank facilities agreed with Barclays following the cash impact of Q4 trading losses
- The Group considers that a more appropriate capital structure would enable it to secure and accelerate the turnaround plan and is exploring its options accordingly

#### **Current trading and outlook**

- Trading has been encouraging and broadly in line with management expectations for the twelve weeks ended 23rd April 2011, with Group like-for-like sales up 2.9%, and the gross margin slightly down reflecting increased promotional activity
- Although the higher costs of the increased bank facility are expected to impact the result for the current year and the outlook for the retail market remains challenging, the actions taken by the Group and the underlying operational performance of the business (as evidenced by LFL sales growth) provide a positive platform for improved financial performance going forward

#### **Board changes**

- Today Alexon has announced that Richard Handover will step down as Chairman on 31<sup>st</sup> May 2011 and that David Adams, currently a Non-Executive Director, will assume the role of Chairman from 31<sup>st</sup> May 2011. (see separate release)

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

“Despite being another difficult year for the UK retail industry we are pleased that the Group made further progress with its turnaround and has returned to profitability. That said our performance was impacted not only by the challenging trading environment but also by the severe weather in the last quarter which adversely affected profits and our cash position.

We are pleased to report that trading since the year end has been encouraging and broadly in line with management expectations against a tough economic backdrop. We are also pleased that our new Spring/Summer collections have been well received by our host store partners. With the exception of Minuet and Dash, all brands are performing in line with or exceeding expectations. Group like for like sales for the twelve weeks ended 23rd April 2011 were up 2.9%. Overall margin is slightly down reflecting increased promotional activity.

In terms of strategic objectives, there is a real opportunity to further increase profitability. This will be achieved through improving the mix in routes to market including further online expansion; rolling out enhanced brand environments through our re-fit programme; investing in improved store communications and merchandising systems to drive further improvement in net margin and stockturn; and pursuing a gradual strategic standalone opening programme for selected brands.”

**Enquiries:**

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## Overview

2010 was a challenging year for Alexon, with difficult economic conditions and severe weather impacting our most important trading period. However, management continued to drive the turnaround plan forward, and as a result we are now seeing sustained improvement in the underlying performance of the Group's brands.

Group sales from continuing operations for the 52 weeks ended 29 January 2011 were down 3.4% on a like-for-like basis and gross margins were up 10 basis points on the prior year. Pre-tax profit from continuing operations before exceptional items, was £0.8 million (2010: loss of £0.9m). We estimate that the weather impacted our revenues and profits by approximately £5m and £1.6m respectively. Pre-tax profit from continuing operations, after exceptional items of £0.7 million, was £0.1 million (2010: loss of £14.3 million).

The exceptional items in relation to continuing operations consist of the impairment of fixed assets associated with leasehold stores which are expected to generate net cash outflows over their remaining lease terms (£0.2m), costs and the impairment of fixed assets associated with the reorganisation and centralisation of the Group's distribution centre (£0.4m), and costs relating to the restructuring of the Group's finances (£0.1m). Total net charge before tax from exceptional items for the year, including those relating to discontinued operations, was £0.8 million (2010: £5.0 million).

Earnings per share from continuing operations and before exceptional items was 0.43p (2010: loss per share of 1.85p). The earnings per share from total operations was 0.57p (2010: loss per share of 12.98p). No dividends are proposed (2010: nil).

## Update on strategy

The Group made strong progress with its turnaround during the year as we continued to execute the strategy as set out in March 2010 which focused on restructuring our store portfolio; rolling out the new store brand environments; continuing to develop new brands; commencing the much needed systems overhaul and continuing to develop accessories and footwear ranges.

### *Property Portfolio Reorganisation*

The property portfolio reorganisation has continued throughout the year with the Group exiting 37 of its onerous property leases in March and April 2010. Since then a further seven leases have been surrendered, five leases have expired, one has been sold for a premium and one closed, as part of the warehouse closure in Cardiff. The cost of these closures is £8.6m which has resulted in £6.6m of annual cash losses being removed from the business. In addition nine leases have been re-gear generating an annual saving of £0.2m. We are in negotiation with landlords to re-gear three more leases and action plans are being developed for a further thirty stores.

### *Multi-channel*

The multichannel strategy is progressing well with web sales increasing 144% in 2010. The appointment of Giles Delafeld as E-Commerce Director will help strengthen this position. We have also entered into the catalogue market via wholesale partners and our own joint venture trial which launched in March 2011, incorporating product from Eastex, Dash and Alexon. Initial feedback has been positive and we are anticipating this to be a successful channel for reaching a more mature catchment. We have upwardly revised our three-year online and direct sales mix growth targets subject to capital spending restrictions.

### *Logistics & Systems*

As initially detailed in our Interim Results announcement, we have streamlined the logistics function to improve efficiency. During the year we have successfully consolidated three warehouses into one and have implemented a new warehouse management system, on time and on budget, which will facilitate the expansion of our multichannel strategy. We have also completed the detailed scoping of the store communications system and commenced the specification for a replacement merchandising system.

The Group is currently in the process of selling its two warehouses in Cardiff and Milton Keynes, a proportion of the proceeds of which will be used to pay down debt.

#### *New Business - Concessions*

During the year we opened 115 new concessions across a wide range of host stores and including a continued expansion in garden centres for Dash, which mostly offset the space reduction announced in Q1. New business generated £9.3m of turnover during 2010 (£14.5m full year equivalent). We also entered wholesale partnerships with selected mail order and online partners. We have provisionally agreed to open 55 further concessions during the coming year and have identified further opportunities which we have deferred subject to capital spending availability.

#### *New Business – New store openings*

As announced last year, we have adopted a rigorous and disciplined approach to standalone store trading. We will pursue a gradual standalone opening programme for selected brands.

#### *Brand Development*

Reworked brand environments were developed for Dash, Eastex and Kaliko during 2010 and blueprints agreed for all store and concession grades ensuring that all six brands now have a refreshed identity in preparation for a roll out programme.

### **Balance Sheet and cash flow**

Stock levels were 4.5% higher than at the same point last year, as a result of the poor weather during late November and December, and earlier deliveries of spring summer stock into the business. The Autumn/Winter terminal stock ratio was slightly higher than the prior year at the period end, management of which impacted Q1 margins. Total liabilities were significantly reduced from the prior year end due to the utilisation of £13.7m of the onerous lease provision.

Net debt as at 29 January 2011 was £8.7m (2010: net debt of £9.0m). The cash inflow from the refinancing of £18.2m was utilized in making payments to exit onerous leases of £8.6, capital expenditure of £2.5m and working capital increase of £7.1m.

In line with the current economic climate, capital expenditure, working capital and operating costs continue to be rigorously monitored and controlled.

### **Dividend**

The Board has decided not to propose a final dividend in respect of the financial year ended 29 January 2011.

### **Refinancing**

The Group has renegotiated its banking facilities and covenants with Barclays. The new facilities incorporate an additional £2.5m one year loan facility expiring 28<sup>th</sup> April 2012 and a deferral of the scheduled repayment of £1.5m due in July 2011 to the same date. In addition the Group is currently in the process of selling its properties in Cardiff and Milton Keynes and a proportion of the proceeds will be used to pay down debt. The remaining facilities remain unchanged.

As part of the increased bank facilities, the Group has granted Barclays warrants to subscribe for 6,156,902 new ordinary shares (representing approximately four per cent. of Alexon's issued share capital on a fully diluted basis) at a strike price of 12.5 pence per share (the nominal value). The warrants have a life of six years.

There is no change to the interest margin payable on the facilities, and the increased cost of the new facility including an arrangement fee and monitoring fees will amount to approximately £0.5m in respect of the current financial year.

The combination of challenging market conditions and the £5m reduction in revenues as a result of the December trading losses has impacted the Group's ability to invest in the turnaround. Whilst the Group has continued to make good

progress implementing the plan, the Board considers that a more appropriate capital structure would enable it to secure and accelerate the turnaround plan and is exploring its options accordingly.

## Board and Management

The Group board welcomed Avril Palmer-Baunack and David Adams as Non-Executive Directors in July 2010 and September 2010 respectively. Avril, who is currently Chief Executive Officer of Autologic Holdings PLC, the AIM quoted automotive services company has over 20 years of commercial experience, including tenure as Chief Executive Officer at Universal Salvage plc where she led a successful turnaround strategy. Avril has substantial experience in developing online business capabilities. David, who is currently Chairman of Jessops plc, has a wealth of experience in the retail sector, having previously been Deputy CEO and Group Finance Director at House of Fraser, Group Finance Director at Texas Homecare and Divisional Finance Director at Burton Group.

The Executive board was further strengthened last year with the addition of Kirstie Watson as Human Resources Director (replacing our previous interim Director). Kirstie has previously held HR Directorships at Warehouse, Rubicon Group and the British Fashion Council. Giles Delafield joined in January 2011 as Group E-Commerce Director from Blacks Leisure, and previously senior e-commerce roles at Dixons Group and Lloyds Banking Group. At brand level the team was strengthened in early 2010 with new controller appointments on Alexon, Ann Harvey and Eastex.

## Outlets

### Summary of Number of Outlets as at 29th January 2011

	Standalones	Concessions	Europe	Total
Alexon	1	99	21	121
Eastex	1	258	27	286
Ann Harvey	41	46	28	115
Dash	12	202	22	236
Kaliko	11	109	28	148
Minuet	3	105	25	133
Clearance outlets ("stock trading")	8	14	1	23
Web shop	6	14	0	20
	<b>83</b>	<b>847</b>	<b>152</b>	<b>1,082</b>

## Current trading and outlook

We are pleased to report that trading since the year end has been encouraging and broadly in line with management expectations against a tough economic backdrop. We are also pleased that our new Spring/Summer collections have been well received by our host store partners. With the exception of Minuet and Dash, all brands are performing in line with or exceeding expectations. Group like for like sales for the twelve weeks ended 23rd April 2011 were up 2.9%. Overall margin is slightly down reflecting increased promotional activity.

In terms of strategic objectives, there is a real opportunity to further increase profitability. This will be achieved through improving the mix in routes to market including further online expansion; rolling out enhanced brand environments through our re-fit programme; investing in improved store communications and merchandising systems to drive further improvement in net margin and stockturn; and pursuing a gradual strategic standalone opening programme for selected brands.

Looking ahead, whilst the higher costs of the increased bank facility are expected to impact the result for the current year and the outlook for the retail market remains challenging, the actions taken by the Group and the underlying operational

performance of the business, as evidenced by recent LFL sales growth, provide a positive platform for improved financial performance going forward.

**ALEXON GROUP PLC**  
**Consolidated Income Statement**  
For the 52 weeks to 29 January 2011

2011 unaudited

2010

	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		135,924	-	135,924	153,382	-	153,382
Cost of sales		(120,330)	(164)	(120,494)	(139,333)	(12,964)	(152,297)
Gross profit/(loss) - continuing operations		15,594	(164)	15,430	14,049	(12,964)	1,085
Administrative expenses		(7,390)	(210)	(7,600)	(7,311)	(395)	(7,706)
Distribution costs		(6,949)	(299)	(7,248)	(7,102)	-	(7,102)
Operating profit/(loss) – continuing operations		1,255	(673)	582	(364)	(13,359)	(13,723)
Finance income		34	-	34	96	-	96
Finance expense		(530)	-	(530)	(624)	-	(624)
Profit/(loss) before taxation		759	(673)	86	(892)	(13,359)	(14,251)
Income tax (expense)/credit	3	(185)	966	781	67	-	67
Profit/(loss) for the financial period from continuing operations attributable to equity holders of the company		574	293	867	(825)	(13,359)	(14,184)
(Loss)/profit from discontinued operations	1b	-	(117)	(117)	-	8,382	8,382
Profit/(loss) for the financial period attributable to equity holders of the company		574	176	750	(825)	(4,977)	(5,802)
<b>Earnings/(losses) per share from continuing operations attributable to equity holders of the company during the period</b>							
Basic	4			0.66p			(31.74)p
Diluted	4			0.65p			(31.74)p
<b>(Losses)/earnings per share from discontinued operations attributable to equity holders of the company during the period</b>							
Basic and diluted	4			(0.09)p			18.76p
<b>Earnings/(losses) per share from total operations attributable to equity holders of the company during the period</b>							
Basic	4			0.57p			(12.98)p
Diluted	4			0.56p			(12.98)p

**ALEXON GROUP PLC**  
**Consolidated Statement of Comprehensive Income**  
**For the 52 weeks to 29 January 2011**

	<u>2011</u>	<u>2010</u>
	<b>£000</b>	<b>£000</b>
<b>Profit/(loss) for the financial period</b>	<b>750</b>	<b>(5,802)</b>
<b>Other comprehensive income/(expense):</b>		
Actuarial gain arising in defined benefit pension scheme	<b>887</b>	117
Loss on cash flow hedges	<b>(673)</b>	<b>(3,635)</b>
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<u><b>214</b></u>	<u><b>(3,518)</b></u>
<b>Total recognised income/(expense) for the financial period</b>		
<b>attributable to equity holders of the Company</b>	<u><b>964</b></u>	<u><b>(9,320)</b></u>

Items in the statement above are disclosed net of tax.

**ALEXON GROUP PLC**  
**Consolidated Balance Sheet**  
**As at 29 January 2011**

	<u>£000</u>	<u>2011(unaudited) £000</u>	<u>£000</u>	<u>2010 £000</u>
<b>Non-current assets</b>				
Property, plant and equipment	6,171		5,116	
Deferred tax	2,230		2,343	
		<u>8,401</u>		<u>7,459</u>
<b>Current assets</b>				
Inventory	28,964		27,705	
Trade and other receivables	10,843		10,917	
Derivative financial instruments	-		452	
Cash and cash equivalents	656		650	
		<u>40,463</u>		<u>39,724</u>
<b>Current liabilities</b>				
Trade and other payables	(21,065)		(25,692)	
Current tax payable	(35)		(885)	
Derivative financial instruments	(461)		-	
Short term borrowings	(4,875)		(9,649)	
		<u>(26,436)</u>		<u>(36,226)</u>
<b>Net current assets</b>		<u>14,027</u>		<u>3,498</u>
<b>Non-current liabilities</b>				
Long term provisions	(1,657)		(12,038)	
Accruals and deferred income	(90)		(227)	
Long term borrowings	(4,500)		-	
Pension liabilities	(1,773)		(3,404)	
		<u>(8,020)</u>		<u>(15,669)</u>
<b>Net assets/(liabilities)</b>		<u>14,408</u>		<u>(4,712)</u>
<b>Equity attributable to equity holders</b>				
Share capital	18,389		5,689	
Share premium	19,902		22,066	
Capital redemption reserve	20,215		20,215	
Cash flow hedge reserve	(337)		336	
Retained deficit	(43,761)		(53,018)	
		<u>14,408</u>		<u>(4,712)</u>
<b>Total equity attributable to the Company's equity shareholders</b>		<u>14,408</u>		<u>(4,712)</u>

**ALEXON GROUP PLC**  
**Consolidated Statement of Changes in Equity**  
For the 52 weeks to 29 January 2011

	Share capital	Share premium	Capital redemption reserve	Cash flow hedge reserve	Merger reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
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/(expense):</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)
<b>Profit for the period</b>	-	-	-	-	-	<b>750</b>	<b>750</b>
<b>Issue of ordinary shares, net of transaction costs</b>	<b>12,700</b>	<b>(2,164)</b>	-	-	<b>7,620</b>	-	<b>18,156</b>
<b>Transfer of merger reserve to retained earnings</b>	-	-	-	-	<b>(7,620)</b>	<b>7,620</b>	-
<i>Other comprehensive income/(expense):</i>							
Actuarial gain arising in defined benefit pension scheme, net of tax	-	-	-	-	-	887	887
Loss on cash flow hedges, net of tax	-	-	-	(673)	-	-	(673)
At 29 January 2011	<b>18,389</b>	<b>19,902</b>	<b>20,215</b>	<b>(337)</b>	-	<b>(43,761)</b>	<b>14,408</b>

The premium of £7,620,000 arising on the share issue was initially credited to a merger reserve and subsequently transferred to the profit and loss reserve. Costs of £2,164,000 associated with the firm placing and open offer have been charged to the Company's share premium account.

**ALEXON GROUP PLC**  
**Consolidated Statement of Cash Flows**  
**For the 52 weeks to 29 January 2011**

		2011 unaudited		2010	
Note		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
	5	(14,843)		(8,409)	
		34		96	
		(219)		(59)	
		24		2,310	
		(171)		(694)	
	5	(163)		(6,100)	
			(15,338)		(12,856)
<b>Investing activities</b>					
		-		423	
		(2,548)		(1,808)	
		-		(99)	
		10		57	
			(2,538)		(1,427)
<b>Financing activities</b>					
		4,500		-	
		20,320		-	
		(2,164)		-	
			22,656		-
			4,780		(14,283)
			(8,999)		5,284
			(4,219)		(8,999)
			656		650
			(4,875)		(9,649)
			(4,219)		(8,999)

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### Notes to the financial information

This financial information does not comprise statutory statements for the purposes of the Companies Act 2006. Financial information contained in this announcement for the 52 weeks ended 29 January 2011 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 52 weeks ending 30 January 2010 has been extracted from the statutory accounts for that period. The report of the auditors on those accounts was unqualified.

The directors approved this announcement on 28th April 2011.

#### **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 29 January 2011 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 2010 with the exception of the following standards and amendments which have been applied during the period:

- IFRS 3 (revised), 'Business Combinations' and consequential amendments to IAS27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates' and IAS31, 'Interests in joint ventures'; and
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' and IFRIC 9 (Amendment), 'Reassessment of Embedded Derivatives'.

The adoption of the above standards and amendments have only impacted presentational aspects of the results for the 52 weeks ending 29 January 2011 and have had no impact on the Group's reported results.

#### Going Concern:

The financial information has been prepared on a going concern basis

The Group has renegotiated its banking facilities with Barclays, and reset its financial covenants. The new facilities incorporate an additional £2.5m 1 year loan facility expiring on 28th April 2012 and deferral of the scheduled payment of £1.5m due in July 2011 to the same date. In addition, the Group is currently in the process of selling its properties in Cardiff and Milton Keynes and a proportion of the proceeds will be used to pay down bank debt. The remaining facilities are unchanged.

Whilst trading conditions remain challenging, the directors consider that they will be able to manage within the revised facilities and covenants during the next year and will be able secure the necessary financing on or before 28th April 2012.

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### 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.

	<b>2011</b>	2010
	<b>£000</b>	£000
Impairment of property, plant & equipment	<b>164</b>	460
Costs relating to onerous lease commitments	-	12,388
Redundancy costs	-	116
Exceptional items within cost of sales	<u><b>164</b></u>	<u>12,964</u>
Pension curtailment gain	-	(599)
Fees relating to the restructuring of the Group's finances	<b>132</b>	994
Restructuring costs	<u><b>78</b></u>	<u>-</u>
Exceptional items within administrative expenses	<u><b>210</b></u>	<u>395</u>
Impairment of property, plant & equipment	<b>178</b>	-
Redundancy costs	<u><b>121</b></u>	<u>-</u>
Exceptional items within distribution costs	<u><b>299</b></u>	<u>-</u>
<b>Total exceptional items</b>	<u><b>673</b></u>	<u>13,359</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 their remaining lease term. The provision represents the lowest net unavoidable cost of a lease contract. It is calculated as either:

- the estimated exit cost in circumstances where it is thought possible that an exit agreement can be negotiated with the landlord, or,
- the lower of the forecast trading losses or lease rental costs for the remainder of the lease term.

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 are professional fees incurred in the Group's capital restructuring and negotiation of new banking facilities.

Redundancy and restructuring costs have been incurred as a result of the amalgamation of the Group's distribution centres into one location.

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### 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 (loss)/profit included in discontinued operations is analysed below.

	2011 £000	2010 £000
<b>Operating loss</b>		
Revenue	-	12,339
Expenses	(163)	(18,202)
Operating loss	(163)	(5,863)
Net finance income	-	2
Loss before taxation	(163)	(5,861)
Tax on operating loss	46	-
Loss after taxation	(117)	(5,861)
Net liabilities of subsidiary company disposed	-	12,943
Proceeds of disposal	-	1,300
Profit on disposal	-	14,243
<b>Total (loss)/profit from discontinued operations</b>	(117)	8,382

#### 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.

The Group considers that its operations comprise a single business segment as it meets the aggregation criteria included within IFRS 8 on the basis that the individual clothing brands have similar economic characteristics and are similar in respect of the nature of their products, production processes, type of customer and method of distribution.

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### Notes to the financial information (continued)

#### 3. Taxation

			<b>2011</b>	2010
			<b>£000</b>	£000
The taxation credit for the period comprises:				
Current tax	Continuing operations:	- current period	<b>186</b>	228
		- adjustment in respect of previous periods	<b>(889)</b>	-
	Total current tax		<b>(703)</b>	228
Deferred tax	Continuing operations:	- current period	<b>(48)</b>	(18)
		- adjustment in respect of previous periods	<b>(30)</b>	(277)
	Discontinued operations		<b>(46)</b>	-
	Total deferred tax		<b>(124)</b>	(295)
Total taxation	Continuing operations:		<b>(781)</b>	(67)
	Discontinued operations		<b>(46)</b>	-
			<b>(827)</b>	(67)
Tax on items charged to equity:				
	Deferred tax credit on hedging instruments		<b>255</b>	1,414
	Deferred tax charge on pensions		<b>(492)</b>	(45)
			<b>(237)</b>	1,369
The tax for the period is lower (2010: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:				
	Profit/(loss) on ordinary activities before taxation		<b>86</b>	(14,251)
	Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 28%		<b>24</b>	(3,990)
Effects of:				
Expenses not deductible for tax purposes:	non-qualifying depreciation		<b>64</b>	65
	other disallowables		<b>363</b>	1,297
	unrelieved foreign tax		<b>186</b>	228
	unrelieved trading losses arising in the period		<b>142</b>	2,610
	utilisation of tax losses brought forward		<b>(641)</b>	-
	Adjustments in respect of previous periods		<b>(919)</b>	(277)
	Total tax credit from continuing operations for the period		<b>(781)</b>	(67)

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### Notes to the financial information (continued)

#### 4. Earnings per share - continuing operations

The calculation of basic earnings per ordinary share is based on earnings from continuing operations of **£867,000** (2010: losses of £14,184,000) and on **132,052,362** ordinary shares (2010: 44,686,680) being the weighted average number of ordinary shares in issue.

In calculating diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume the exercise of warrants to subscribe for ordinary shares which were granted as part of the Capital Raising in March 2010.

	2011			2010		
	Earnings (£)	Weighted average number of shares	Per share (pence)	Losses (£)	Weighted average number of shares	Per share (pence)
Basic earnings/(losses)	<b>867,000</b>	<b>132,052,362</b>	<b>0.66</b>	(14,184,000)	44,686,680	(31.74)
Effect of dilutive securities:						
Warrants	-	<b>1,477,654</b>	<b>(0.01)</b>	-	-	-
Diluted earnings/(losses)	<b>867,000</b>	<b>133,530,016</b>	<b>0.65</b>	(14,184,000)	44,686,680	(31.74)

#### Earnings per share - discontinued operations

The calculation of basic losses per ordinary share is based on losses from discontinued operations of **£117,000** (2010: earnings of £8,382,000) and on **132,052,362** ordinary shares (2010: 44,686,680) being the weighted average number of ordinary shares in issue.

	2011			2010		
	Losses (£)	Weighted average number of shares	Per share (pence)	Earnings (£)	Weighted average number of shares	Per share (pence)
Basic (losses)/earnings	<b>(117,000)</b>	<b>132,052,362</b>	<b>(0.09)</b>	8,382,000	44,686,680	18.76

**ALEXON GROUP PLC**  
**52 weeks to 29 January 2011**

**Notes to the financial information (continued)**

**Earnings per share – total operations**

The calculation of basic earnings per ordinary share is based on earnings from total operations of **£750,000** (2010: losses of £5,802,000) and on **132,052,362** ordinary shares (2010: 44,686,680) being the weighted average number of ordinary shares in issue.

In calculating diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume the exercise of warrants to subscribe for ordinary shares which were granted as part of the Capital Raising in March 2010.

	2011			2010		
	Earnings (£)	Weighted average number of shares	Per share (pence)	Losses (£)	Weighted average number of shares	Per share (pence)
Basic earnings/(losses)	<b>750,000</b>	<b>132,052,362</b>	<b>0.57</b>	(5,802,000)	44,686,680	(12.98)
Effect of dilutive securities:						
Warrants	-	<b>1,477,654</b>	<b>(0.01)</b>	-	-	-
Diluted earnings/(losses)	<b>750,000</b>	<b>133,530,016</b>	<b>0.56</b>	(5,802,000)	44,686,680	(12.98)

# ALEXON GROUP PLC

## 52 weeks to 29 January 2011

### Notes to the financial information (continued)

#### 5. Notes to the statement of cash flows

	2011 £000	2010 £000
<b>Cash generated from continuing operations</b>		
Operating profit/(loss) - continuing operations	582	(13,723)
Adjustments for:		
Depreciation	1,053	1,127
Impairment of property, plant and equipment	342	460
Loss on disposal of property, plant and equipment	88	66
Adjustment in respect of retirement benefit obligations	(300)	(999)
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	74	2,478
Increase in inventories	(1,259)	(788)
(Decrease)/increase in trade and other payables	(4,905)	3,923
Decrease in long term provisions, accruals and deferred income	(10,518)	(953)
<b>Cash used in continuing operations</b>	<b>(14,843)</b>	<b>(8,409)</b>
	2011 £000	2010 £000
<b>Cash generated from discontinued operations</b>		
Operating loss - discontinued operations	(163)	(5,863)
Adjustments for:		
Depreciation	-	212
<i>Changes in working capital:</i>		
Decrease in trade and other receivables	-	1,546
Increase in inventories	-	(1,490)
Decrease in trade and other payables	-	(507)
<b>Cash used in discontinued operations</b>	<b>(163)</b>	<b>(6,102)</b>
Interest paid	-	(1)
Interest received	-	3
<b>Cash flows from operating activities - discontinued operations</b>	<b>(163)</b>	<b>(6,100)</b>

#### 6. Dividends

The Board has decided not to declare an ordinary dividend for the 52 weeks ended 29 January 2011 (2010: nil).