ALEXON GROUP PLC
(“Alexon” or “the Company”)
Preliminary results for the 53 weeks ended 31 January 2009

Alexon Group plc announces its results for the 53 weeks ended 31 January 2009.

Financial highlights

- Turnover down 4.5% at £250.3m (2008: £262.1m), like-for-like sales down 9.1%
- Gross margin broadly flat
- Pre-tax profit, before exceptional items, of £3.5m (2008: £16.4m), in line with consensus
- Pre-tax loss, after exceptional items, of £27.7m (2008: profit of £12.0m)
- Exceptional items of £31.2m comprise mainly of provisions in respect of onerous leases and impairment of goodwill
- Year end net cash of £5.3m (2008: £5.5m)
- Resilient performance from Alexon Brands; result for Bay Trading impacted by intense and growing competition
- No final dividend proposed in order to conserve cash; total dividend 1.0 p per share for the year (2008: 9.0 p per share)

Strategic and operational highlights

- Review of business now completed with clear turnaround plan in place to establish solid foundations for future growth
- Restructured and strengthened management team
- Improved buying processes
- Excess stock eliminated
- Brand and product design direction reviewed and improvements implemented from Autumn 2009
- Continued focus on cost management and cash conservation

Current trading and outlook

- Trading since the year end has been in line with management’s expectations for the core Alexon Brands
- Performance at Bay Trading remains challenging and management actions are being taken
- Gross margins improving
- Core Alexon Brands remain robust, profitable and cash generative
- Clear turnaround plan in place and management focused on delivering progress going forward

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

“2008 was a challenging year for the sector, but I am pleased that the core Alexon Brands have delivered a resilient performance in the economic climate. Bay Trading losses reflect intense and growing competition in the value sector and underline the requirement for brand re-positioning.

Since my arrival we have undertaken a thorough review of the business and have taken subsequent action to strengthen it. The turnaround will take time, especially given the difficult marketplace, but we are confident that our core brands will remain robust and the initiatives that we have already put in place will enhance our progress.”

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Overview
2008 was a challenging year for Alexon, but since the appointment of Jane McNally as Chief Executive in June 2008, there has been an intense focus on restructuring the business to establish sound foundations for future growth.

Despite the difficult market conditions and the rapid change taking place at Alexon, a resilient performance has been delivered. Pre-tax profit from continuing operations, before exceptional items, for the 53 weeks ended 31 January 2009 was in line with market expectations at £3.5 million (2008: £16.4 million). The total loss for the period, after tax and exceptional items, was £28.1 million (2008: loss of £12.2 million). Group sales were down 9.1% on a like-for-like basis, with gross margins down 0.2% on the prior year. Loss per share was 62.92p (2008: loss per share of 22.45p). No final dividend is proposed, making the total dividend 1.0 pence per share for the year (2008: 9.0 pence per share).

The core Alexon Brands delivered a respectable performance with operating profit, before exceptional items, of £10.1 million against £14.0 million last year. Like-for-like sales for the year were 6.0% down with margins 0.1 percentage points higher. Heavier markdowns needed to clear stocks were offset by higher buying margins. Dash and Minuet performed well and Alex & Co and Kaliko showed a small recovery after a tough prior year. Eastex's performance was consistent with host store trends. High markdown levels in Ann Harvey reflected old stock clearance and some range issues.

Bay Trading experienced a tough trading environment and produced an operating loss, before exceptional items, of £7.2 million against a profit of £1.1 million last year. Like-for-like sales were 16% down on margins 1.1 percentage points lower than the prior year. A significant amount of markdown was required to clear excess aged stock, but this meant that stocks ended at an appropriate, lower, level than the prior year. Bay Trading losses reflect intense and growing competition in the value sector and underline the requirement for brand re-positioning.

Overall group stock levels remain tightly controlled ending the year 10% below the prior year. The reduction is entirely accounted for by lower Autumn 2008 and earlier season's stock.

Significant provisions of £17.1m have been made in the year in respect of onerous property leases. This is due to the worsening retail property market where the prospects for disposing of leases have deteriorated and consequently provisions in respect of a number of properties have been calculated based on trading losses to the end of the lease. Included within the provision are 13 leases which have returned to the Group under guarantee arrangements following the failure of Dolcis Ltd, and 11 leases which are expected to return to the Group following the failure of Style Menswear Ltd.
In addition, an impairment charge of £11.9m has been recorded in respect of goodwill associated with Bay Trading.

Turnaround plan
Since the arrival of Jane McNally as Chief Executive Officer in June 2008 a detailed review of the business has been undertaken. Jane has identified a number of issues within the business, in particular: a weakened brand identity in four of the seven brands; an operational structure and legacy leases that are not aligned to the forward strategy; a lack of investment and best practice in many areas; and a depleted management team in an increasingly competitive market.

The Board believes there is an exciting opportunity to build on the strong heritage of the Alexon Brands; improving the benefits of a diversified brand portfolio, exploiting a growing demographic audience across the portfolio and capitalising on a solid model with low fixed costs.

Priorities for the business have been split into immediate, medium term and longer term. 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 programme; and reposition and enhance stand-alone store portfolio.

The immediate priorities have largely been completed whilst good progress has been made on some of the medium term priorities, as described in further detail below.

Store portfolio
As at 31 January 2009, the Group store portfolio comprised a total of 1,351 outlets (2008: 1,317) of which the core Alexon Brands comprised 1,083 and Bay Trading 268. The Alexon Brands have 80 directly operated stores in the UK with the vast majority of the portfolio consisting of concession outlets – 860 in the UK and 143 in mainland Europe. Bay Trading has 171 directly operated stores in the UK with 97 concession outlets, 17 of which are in mainland Europe.

Constructive discussions are underway with a number of landlords with a view to moving from payment of rent quarterly in advance to monthly in advance and improved rental terms are being achieved on lease renewals.

Dividend
Given the challenging economic outlook and the need to preserve capital the Board has decide not to recommend payment of a final dividend. The dividend for the year, paid in November 2008, is therefore 1.0p (2008: 9.0p)

Current trading
Group trading since the year end is in line with management's expectations for the core Alexon Brands, but the performance of Bay Trading remains challenging. Gross margins for the Group are 0.7% higher than last year for the first 11 weeks of the financial year.

Alexon Brands

The new financial year has started solidly for the Alexon Brands and like-for-like sales for the nine weeks ended 18 April (excluding the first two weeks of the financial year which were affected by snow) were down 7% and in line with management expectations.

We are establishing solid foundations within Alexon which will position us for future growth. The management team is now fully re-structured and retirement vacancies filled. The new team have chosen to join Alexon from established retailers including New Look, Primark, Marks and Spencer, and Debenhams because they are excited by the turnaround potential within Alexon. Their joint expertise is being drawn upon to bring current 'best practice' retail standards into the business. Strategies for improving product sourcing, selection and distribution are already showing benefits.

Brand positions have been re-focused with a unique selling proposition for each brand and renewed emphasis on offering customer value across the board. The revived Kaliko and Alex & Co collections have been warmly received by host store partners and will arrive fully in store from June 2009. Eastex and Dash continue to trade well with their successful formula and are experiencing incremental growth through the introduction of more accessory ranges and new business avenues. The Group's specialist 'niche' brands, Ann Harvey and Minuet, are strategically building internet sales. Ann Harvey is still suffering from a stock to sales imbalance following major sourcing change and old stock clearance, but this will be rectified by the end of April 2009.

Bay Trading

The Bay trading position is much more challenging. The division has had a particularly difficult start to the financial year exacerbated by the loss of 70 footwear concessions following Barratts administration. Several loss-making leases were also transferred to Bay Trading in February 2009 under privity following the administration of the "Envy" menswear chain. In addition, the change to direct sourcing caused a significant stock shortfall to plan which has impacted profitability.

More positively there is now a very high quality team in post at Bay Trading and a clear strategy to move towards a directional rather than value-led proposition. Old stock has been successfully cleared and the right buying and design team is in place to make this change from a product perspective. New high fashion lines have been well received by customers and the fashion press and a revitalised image has been designed for Bay Trading reflecting its more fashionable proposition.

Outlook
The Group ended the year with net cash of £5.3 million on the balance sheet (2008: £5.5 million). The Group's bankers have recently agreed to provide a £12 million multi-option facility which has a renewal date of May 2010.

Since trading at Bay Trading continues to be challenging, forecasting its future results is difficult. As stated, management has taken a number of actions to improve the trading performance of this business which they expect will deliver benefits in the short term. However, there can be no certainty that the actions taken will improve this business and, were the Bay Trading business to continue to significantly underperform the Group may need to take further action. Such action might include a fundamental restructuring of the Bay Trading business to significantly reduce the cost base and to ensure that the Group as a whole is able to remain within its financial facilities. The Group's future financial resources and liquidity are discussed further in note 1 to the financial information.

The directors continue to believe that the performance of Bay Trading will improve and, with the strength of the Alexon Brands business and the continuing support of the Group's bankers, the Group will be able to operate within its financial facilities going forward.

The core Alexon Brands business remains robust, profitable and cash generative. We have a clear turnaround plan in place and despite difficult market conditions are confident we will make progress going forward.

ALEXON GROUP PLC
Consolidated Income Statement
For the 53 weeks to 31 January 2009

		2009 (53 weeks)			2008 (52 weeks)		
	Note	Pre-exceptional items £000	Exceptional Items (see note 2) £000	Total £000	Pre-exceptional items £000	Exceptional items (see note 2) £000	Total £000
Revenue - continuing operations	3	250,292	-	250,292	262,139	-	262,139
Cost of sales		(226,659)	(18,320)	(244,979)	(227,528)	(4,411)	(231,939)
Gross profit - continuing operations		23,633	(18,320)	5,313	34,611	(4,411)	30,200
Administrative expenses		(8,548)	(12,919)	(21,467)	(7,977)	-	(7,977)
Distribution costs		(11,975)	-	(11,975)	(11,676)	-	(11,676)
Operating profit/(loss) – continuing operations	3	3,110	(31,239)	(28,129)	14,958	(4,411)	10,547
Finance income		521	-	521	1,535	-	1,535
Finance expense		(110)	-	(110)	(87)	-	(87)
Profit/(loss) before taxation	3	3,521	(31,239)	(27,718)	16,406	(4,411)	11,995
Income tax (expense)/credit	4	(1,623)	711	(912)	(5,676)	124	(5,552)
Profit/(loss) for the financial period from continuing operations attributable to equity holders of the company		1,898	(30,528)	(28,630)	10,730	(4,287)	6,443
Profit/(loss) from discontinued operations	2	-	514	514	-	(18,659)	(18,659)
Profit/(loss) for the financial period attributable to equity holders of the company		1,898	(30,014)	(28,116)	10,730	(22,946)	(12,216)
(Losses)/earnings per share from continuing operations attributable to equity holders of the company during the period							
Basic and diluted	5			(64.07)p			11.84p
Earnings/(losses) per share from discontinued operations attributable to equity holders of the company during the period							
Basic	5			1.15p			(34.29)p
Losses per share from total operations attributable to equity holders of the company during the period							
Basic	5			(62.92)p			(22.45)p

ALEXON GROUP PLC
Consolidated Statement of Recognised Income and Expense
For the 53 weeks to 31 January 2009

	2009	2008
	53 weeks	52 weeks
	£000	£000
Actuarial (loss)/gain arising in defined benefit pension scheme	**(3,483)**	816
Tax on items taken directly to equity	**(510)**	(701)
Gain on cash flow hedges	**5,305**	1,363
Net income recognised directly in equity	**1,312**	1,478
Loss for the financial period	**(28,116)**	(12,216)
Total recognised expense for the financial period attributable to equity holders of the Company	**(26,804)**	(10,738)

ALEXON GROUP PLC
Consolidated balance sheet
As at 31 January 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Non-current assets					
Goodwill		**-**		11,867	
Property, plant and equipment		**6,298**		7,419	
Deferred tax		**679**		1,344	
Pension assets		**-**		235	
			6,977		20,865
Current assets					
Inventory		**29,856**		33,323	
Trade and other receivables		**17,705**		20,563	
Derivative financial instruments		**4,809**		441	
Current tax recoverable		**581**		2,245	
Cash and cash equivalents		**5,284**		4,502	
			58,235		61,074
Assets classified as held for sale			**-**		7,914
Current liabilities					
Trade and other payables			**(30,311)**		(33,863)
Liabilities classified as held for sale			**-**		(7,914)
Net current assets			**27,924**		27,211
Non-current liabilities					
Long term provisions		**(25,712)**		(11,478)	
Accruals and deferred income		**(444)**		(853)	
Pension liabilities		**(4,137)**		(1,082)	
Total non-current liabilities			**(30,293)**		(13,413)
Net assets			**4,608**		34,663
Equity attributable to equity holders					
Share capital		**5,689**		10,902	
Share premium		**22,066**		22,189	
Capital redemption reserve		**20,215**		15,002	
Cash flow hedge reserve		**5,515**		210	
Retained earnings		**(48,877)**		(13,640)	
Total equity	7		**4,608**		34,663

ALEXON GROUP PLC

Consolidated statement of cash flows

For the 53 weeks to 31 January 2009

	Note	**2009 (53 weeks)**		2008 (52 weeks)	
		£000	**£000**	£000	£000
Cash flows from operating activities					
Cash generated from continuing operations	6	**7,126**		19,265	
Interest received (continuing operations)		**509**		850	
Interest paid (continuing operations)		**(81)**		(109)	
Tax received/(paid) (continuing operations)		**907**		(3,205)	
Cash used in discontinued operations	6	**(1,400)**		(825)	
Net cash flow from operating activities			**7,061**		15,976
Investing activities					
Costs associated with the disposal of a subsidiary undertaking		**(1,601)**		-	
Purchase of property, plant and equipment (continuing operations)		**(2,428)**		(2,081)	
Purchase of property, plant and equipment (discontinued operations)		**-**		(229)	
(Costs)/proceeds from disposals of property, plant and equipment (continuing operations)		**(14)**		136	
Proceeds from disposals of property, plant and equipment (discontinued operations)		**-**		224	
Cash flows from investing activities			**(4,043)**		(1,950)
Financing activities					
(Costs)/proceeds from the issue of shares		**(123)**		9	
Purchase of own shares		**-**		(11,994)	
Equity dividends paid		**(3,128)**		(10,250)	
Cash flows from financing activities			**(3,251)**		(22,235)
Net decrease in cash and cash equivalents			**(233)**		(8,209)
Cash and cash equivalents at the beginning of the period			**5,517**		13,726
Cash and cash equivalents at the end of the period			**5,284**		5,517
Included in cash and cash equivalents on the balance sheet			**5,284**		4,502
Included in assets held for sale			**-**		1,015
			5,284		5,517

Notes to the financial information

1. This financial information does not constitute the full financial statements within the meaning of Section 240 of the Companies Act 1985. It is extracted from the draft unaudited financial statements for the 53 weeks ended 31 January 2009 which will be delivered to the Registrar of Companies in due course. Statutory accounts for the 52 weeks ended 26 January 2008, which were prepared under IFRS and on which our auditors expressed an unqualified opinion, have been filed with the Registrar of Companies.

The directors approved this announcement on 21st April 2009.

Basis of preparation

In light of the difficult UK retail environment, the directors have carefully considered the working capital requirements of the Group for a period exceeding one year from the date these financial statements are approved.

The Group's bankers, Barclays Bank plc ("the bank"), have recently agreed to provide a multi-option overdraft and letter of credit facility of £12 million which has a renewal date in May 2010. Although this facility is repayable on demand by the bank, the Group has received undertakings from the bank that it does not expect to withdraw this facility in the foreseeable future. In addition the Group has received an undertaking from the bank to provide additional finance if necessary to cover short term peak requirements over and above these amounts in certain periods of peak working capital needs.

The Group operates two distinct and separate businesses, Alexon Brands, which remains profitable and cash generative, and Bay Trading ("Bay"), which operates in a separate company, Epcoscan Limited, which continues to be loss making and relies upon funding from the rest of the Group to continue in operation. The directors have prepared a detailed forecast of future results for both businesses which have been updated to reflect recent trading and the latest expected trends in like-for-like sales. These projections demonstrate that the Group is able to operate within its banking facilities for the foreseeable future.

The future outlook for retail sales in the UK is, however, uncertain and there is a risk that the Group will not achieve its forecast sales and the expected margin on those sales. In particular, the performance of Bay has been primarily affected by a shortfall in stock levels and forecasting its future results remains difficult. Management has taken a number of actions to improve the trading performance of this business, which they expect to deliver benefits in the short term. However there can be no certainty that the actions management has taken will improve this business and were the Bay business to continue to significantly underperform, the Group may need to take further action. Such action might include a fundamental restructuring of the Bay business, which would significantly reduce the cost base, to ensure that the Group as a whole is able to remain within its financial facilities.

Should such a restructuring be required of Bay, the Group's financial position may be substantially different from the position as set out in the Group financial statements as currently prepared and the ability of Epcoscan Limited to settle its liabilities as they fall due may be in doubt. As Epcoscan Limited represents a significant part of the existing Group and the Group would also be dependent upon the continuing support of its bankers in these changed circumstances, the directors recognise that this constitutes a material uncertainty that casts significant doubt over the ability of the Group in its present form to continue as a going concern.

The directors continue to believe that the performance of Bay will improve and, with the strength of the Alexon Brands business and the continuing support of the Group's bankers, the Group will be able to operate within its financial facilities for the foreseeable future. On that basis the directors have prepared the Group financial statements on a going concern basis.

The auditors have indicated that, while not qualifying their opinion, they are likely to issue an emphasis of matter paragraph in their audit report referring to the material uncertainty referred to above.

Notes to the financial information

2. Exceptional items

2a Continuing operations

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

	2009	2008
	53 weeks	52 weeks
	£000	£000
Impairment of goodwill	**11,867**	-
Impairment of property, plant & equipment	**1,265**	515
Provision for onerous lease commitments	**17,055**	3,153
Occupancy costs relating to ex-Dolcis stores	**-**	743
Management restructure	**1,052**	-
	31,239	4,411

The impairment of goodwill arises from the annual impairment test and reflects the difference between the value-in use of the cash generating unit and its carrying value. The impairment relates entirely to Bay Trading.

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 is calculated as the lower of the estimated cost of exiting the lease and the cumulative losses expected to be incurred over the remainder of the lease term, unless it is considered highly unlikely that the lease could be terminated for a one-off payment in which case the provision is based on estimated future losses.

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

2b Discontinued operations

As at 26 January 2008 the companies comprising the Menswear business segment ('Style') were classified as held for sale. The disposal was subsequently completed on 5 February 2008. The total consideration for the sale amounted to £1.

During the period the Group was able to terminate its liability in respect of a number of leases traded by Style Menswear which it had expected would revert to the Group. This liability had been fully provided in 2008 and results in a gain of £1.1m in 2009 on releasing this provision. This gain has been partially offset by disposal costs of £586,000 resulting in a net profit from discontinued operations of £514,000.

Notes to the financial information (continued)

3. Segmental information

Primary reporting format – business segments

The Group manages its business activities via two business segments, Alexon Brands and Bay Trading. Each business segment has its own executive committee responsible for managing day to day operations through its trading outlets. All revenue is readily identifiable for each segment, as are the majority of costs. Where certain central functions are shared across all segments these costs have been allocated on a reasonable basis.

Segment results for the 53 weeks to 31 January 2009 are as follows:

	Alexon Brands £000	Bay Trading £000	Total £000
Segment turnover	177,593	72,699	250,292
Operating profit/(loss) before exceptional items	10,106	(7,236)	2,870
Exceptional items (see note 2)	(8,515)	(22,724)	(31,239)
Segment result	1,591	(29,960)	(28,369)
Unallocated income			240
Operating loss - continuing operations			(28,129)
Finance income			521
Finance expense			(-110)
Loss before taxation			(27,718)
Income tax expense - continuing operations			(912)
Loss for the period from continuing operations			(28,630)
Profit from discontinued operations			514
Loss for the period attributable to equity holders of the company			(28,116)

Notes to the financial information (continued)

Segment results for the 52 weeks to 26 January 2008 are as follows:

	Alexon Brands £000	Bay Trading £000	Total £000
Segment turnover	181,743	80,396	262,139
Operating profit before exceptional items	14,021	1,072	15,093
Exceptional items (see note 2)	(3,191)	(1,220)	(4,411)
Segment result	10,830	(148)	10,682
Unallocated costs			(135)
Operating profit - continuing operations			10,547
Finance income			1,535
Finance expense			(87)
Profit before taxation			11,995
Income tax expense - continuing operations			(5,552)
Profit for the period from continuing operations			6,443
Loss from discontinued operations			(19,994)
Tax on discontinued operations			1,335
Loss for the period attributable to equity holders of the company			(12,216)

Other segment information for the 53 weeks to 31 January 2009 is as follows:

	Alexon Brands £000	**Bay Trading £000**	**Discontinued operations £000**	**Total £000**
Capital expenditure	**1,420**	**1,008**	**-**	**2,428**
Depreciation	**1,196**	**845**	**-**	**2,041**
Impairment of goodwill	**-**	**11,867**	**-**	**11,867**
Impairment of property, plant and equipment	**506**	**759**	**-**	**1,265**

Other segment information for the 52 weeks to 26 January 2008 is as follows:

	Alexon Brands £000	Bay Trading £000	Discontinued operations £000	Total £000
Capital expenditure	1,033	1,048	229	2,310
Depreciation	1,222	841	928	2,991
Impairment of goodwill	-	-	5,836	5,836
Impairment of property plant and equipment	215	300	2,144	2,659

Notes to the financial information (continued)

Secondary reporting format – geographic segments

The financial operations and assets of the Group are principally located in the United Kingdom. Accordingly no segment analysis by geographical segments is provided.

4. Taxation

			2009 53 weeks £000	2008 52 weeks £000
The taxation charge for the period comprises:				
Current tax	Continuing operations:	- current period	**343**	4,546
		- adjustment in respect of previous period	**414**	862
	Discontinued operations:	- current period	**-**	(1,269)
	Total current tax		**757**	4,139
Deferred tax	Continuing operations:		**155**	144
	Discontinued operations:		**-**	(66)
	Total deferred tax		**155**	78
Total taxation	Continuing operations:		**912**	5,552
	Discontinued operations:		**-**	(1,335)
			912	4,217
Tax on items charged to equity:				
Deferred tax charge on hedging instruments			**(1,485)**	(409)
Deferred tax credit/(charge) on pensions			**975**	(292)
			(510)	(701)

The tax for the period is higher (2008: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

		2009	2008
(Loss)/profit on ordinary activities before taxation		**(27,718)**	11,995
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28.33% (2008: 30%)		**(7,853)**	3,599
Effects of:			
Expenses not deductible for tax purposes:	goodwill impairment	**3,362**	-
	non-qualifying depreciation	**244**	67
	loss on disposal of non-qualifying assets	**29**	-
	other disallowables	**2,448**	1,042
	unrelieved foreign tax	**343**	-
	unrelieved trading losses arising in the period	**2,372**	-
Adjustments in respect of previous periods		**(33)**	844
Total tax charge from continuing operations for the period		**912**	5,552

Notes to the financial information (continued)

5. Earnings per share - continuing operations

The calculation of basic earnings per ordinary share is based on losses from continuing operations of **£28,630,000** (2008: profit of £6,443,000) and on **44,686,680** ordinary shares (2008: 54,422,451) 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 all dilutory share options granted to directors and key employees.

Reconciliations of the earnings and weighted average number of shares are set out below.

			2009			2008
	Losses (£)	**Weighted average number of shares**	**Per share pence**	Earnings (£)	Weighted average number of shares	Per share Pence
Basic (losses)/earnings	**(28,630,000)**	**44,686,680**	**(64.07)**	6,443,000	54,422,451	11.84
Effect of dilutive securities: options	-	**-**	**-**	-	2,716	-
Diluted (losses)/earnings	**(28,630,000)**	**44,686,680**	**(64.07)**	6,443,000	54,425,167	11.84

Earnings per share - discontinued operations

The calculation of basic earnings per ordinary share is based on profits from discontinued operations of **£514,000** (2008: losses of £18,659,000) and on **44,686,680** ordinary shares (2008: 54,422,451) being the weighted average number of ordinary shares in issue.

			2009			2008
	Earnings (£)	**Weighted average number of shares**	**Per share pence**	Losses (£)	Weighted average number of shares	Per share pence
Basic earnings/(losses)	**514,000**	**44,686,680**	**1.15**	(18,659,000)	54,422,451	(34.29)

Earnings per share – total operations

The calculation of basic earnings per ordinary share is based on losses from total operations of **£28,116,000** (2008: £12,216,000) and on **44,686,680** ordinary shares (2008: 54,422,451) being the weighted average number of ordinary shares in issue.

			2009			2008
	Losses (£)	**Weighted average number of shares**	**Per share pence**	Losses (£)	Weighted average number of shares	Per share pence
Basic losses	**(28,116,000)**	**44,686,680**	**(62.92)**	(12,216,000)	54,422,451	(22.45)

Notes to the financial information (continued)

6. Notes to the statement of cash flows

	2009 53 weeks £000	2008 52 weeks £000
Cash generated from continuing operations		
Operating (loss)/profit - continuing operations	**(28,129)**	10,547
Adjustments for:		
Depreciation	**2,041**	2,063
Impairment of property, plant and equipment	**1,265**	515
Impairment of goodwill	**11,867**	-
Loss on disposal of property, plant and equipment	**257**	55
Adjustment in respect of net retirement benefit obligations	**(218)**	(2,517)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**2,858**	(1,946)
Decrease in inventories	**3,467**	1,256
(Decrease)/increase in trade and other payables	**(2,607)**	6,676
Increase in long term provisions, accruals and deferred income	**16,325**	2,616
Cash generated from continuing operations	**7,126**	19,265

	2009 53 Weeks £000's	2008 52 Weeks £000's
Cash generated from discontinued operations		
Operating loss - discontinued operations	**-**	(2,599)
Adjustments for:		
Depreciation	**-**	928
Profit on disposal of property, plant and equipment	**-**	(220)
Changes in working capital:		
Decrease in trade and other receivables	**-**	335
Increase in inventories	**-**	(302)
Decrease in trade and other payables	**-**	1,340
Decrease in long term provisions, accruals and deferred income	**(1,400)**	(49)
Cash used in discontinued operations	**(1,400)**	(567)
Interest paid	**-**	(33)
Tax paid	**-**	(225)
Cash flows from operating activities - discontinued operations	**(1,400)**	(825)

ALEXON GROUP PLC
53 weeks to 31 January 2009

Notes to the financial information (continued)

7. Statement of changes in equity

	Share capital	Share premium account	Capital redemption reserve	Cash flow hedge reserve	Profit and loss account	Total
Reserves	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 27 January 2007	5,706	39,372	3,131	(1,153)	20,580	67,636
Arising on share issues	17,067	(17,190)	-	-	9	(114)
Arising on share repurchase	(11,871)	7	11,871	-	(11,878)	(11,871)
Loss for the period	-	-	-	-	(12,216)	(12,216)
Tax on items taken directly to equity	-	-	-	-	(701)	(701)
Special dividends paid to holders of redeemable preference shares	-	-	-	-	(5,196)	(5,196)
Dividends paid to Company's shareholders	-	-	-	-	(5,054)	(5,054)
Arising on cash flow hedges	-	-	-	1,363	-	1,363
Actuarial gain arising in defined benefit pension scheme	-	-	-	-	816	816
At 26 January 2008	10,902	22,189	15,002	210	(13,640)	34,663
Arising on share issues	**-**	**(123)**	-	**-**	**-**	**(123)**
Arising on cancellation of shares	**(5,213)**	**-**	**5,213**	**-**	**-**	**-**
Loss for the period	**-**	**-**	-	**-**	**(28,116)**	**(28,116)**
Tax on items taken directly to equity	**-**	**-**	-	**-**	**(510)**	**(510)**
Dividends paid to Company's shareholders	**-**	**-**	-	**-**	**(3,128)**	**(3,128)**
Arising on cash flow hedges	**-**	**-**	-	**5,305**	**-**	**5,305**
Actuarial loss arising in defined benefit pension scheme	**-**	**-**	-	**-**	**(3,483)**	**(3,483)**
At 31 January 2009	**5,689**	**22,066**	**20,215**	**5,515**	**(48,877)**	**4,608**

Notes to the financial information (continued)

8. Dividends

	2009 **53 Weeks** **£000's**	2008 52 Weeks £000's
Final dividend in respect of 2008 of 6p (2007 : 6p) per ordinary share	**2,681**	3,369
Interim dividend in respect of 2009 of 1p (2008 : 3p) per ordinary share	**447**	1,685
Special dividend of 30p per share in respect of non-cumulative redeemable preference shares	**-**	5,196
	3,128	10,250

The Company has decided not to declare a final dividend for the 53 weeks ended 31 January 2009.

9. The Company's Annual General Meeting will be held on Tuesday 7th July 2009 at 3 pm.