FOR IMMEDIATE RELEASE
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John Menzies plc

The international support services Group

PRELIMINARY RESULTS
For 8 months to 29th December 2001

Highlights:

- Group restructuring completed with sale of Early Learning Centre for £29.6m
- Changed financial year end signals end of seasonal trading and transfer to FTSE Support Services Sector
- Robust performance by Distribution, backed by recent cover price increases
- Aviation Services turnover doubled following Ogden acquisition in November 2000, but results inevitably impacted by current trading climate
- Vigorous and effective action to reduce cost base to minimise exposure to current conditions within the aviation sector
- Operating exceptional costs reflect integration of Ogden and capacity rationalisation
- Dividend level maintained

David Mackay, Chief Executive of John Menzies plc, said:

"The Menzies Group now consists of two core businesses, Menzies Distribution and Menzies Aviation. Both hold leading positions in their respective markets.

"Menzies Distribution is a strongly cash generative business with an excellent reputation, and has maintained its market-leading performance. Its market share and geographical reach were enhanced by the acquisition of Turners News in December 2001.

"Menzies Aviation has built a solid platform for expansion in a market which continues to have significant growth potential. A key element of its strategy is to build on its successes by developing a full range of value-added services in carefully chosen markets.

"Our transformation is complete. We are a focused international support services group, and I am more certain than ever before that we are ready for the challenges and opportunities ahead."

For further enquiries please contact:

David Mackay, Chief Executive	)	John Menzies plc	
Martyn Smith, Group Finance Director	)	today until 1.00 pm	020-7230-5550
Anthony Cardew		thereafter	
Jonathan Rooper/Jackie Range		Cardew & Co	020-7930-0777

Overview

The restructuring of the Group, begun in 1998, is complete. The Menzies Group now consists of two core businesses, Menzies Distribution and Menzies Aviation. Both operate from positions of considerable strength, with cash generation from Distribution supporting growth and acquisition opportunities in Aviation.

Trading Results

As a result of the change in our year end, these results are for the eight months to December 2001. In order to assist comparisons, after an initial overview of the eight month results, this commentary concentrates on the years to December 2001 and 2000, for which unaudited pro forma financial statements have also been included.

<u>Eight months to December 2001</u>

Turnover from continuing operations was £760.0m, comprising £594.4m from Menzies Distribution and £165.6m from Aviation. Operating profit from continuing operations was £11.3m, which included Distribution profits of £16.5m and an Aviation loss of £3.8m, including some £2.5m of certain airline debtor provisions as well as losses from businesses that have now been exited.

Headline profit before tax was £3.6m after a discontinued loss of £5.7m at ELC and interest expense. The ELC result had a marked seasonal element, and the transaction was therefore structured so that the Group was reimbursed in cash for this. A higher than normal effective tax rate, from unrelieved overseas losses, resulted in Headline earnings per share of 0.4p. The Headline earnings per share relating to continuing operations was 7.5p.

Operating exceptionals in the period totalling £11.2m mainly covered the rationalisation of cargo capacity at Heathrow and the costs of reducing Menzies Aviation's cost base. The sale of ELC resulted in a non-operating exceptional loss of £12.7m, including £8.5m of goodwill previously written off.

The Directors are recommending a final dividend of 6.6p, making a total dividend for the eight month period of 12.1p. This equates to an annualised dividend in line with last year and reflects your Board's confidence in the future prospects of the Group.

<u>Pro Forma 12 months to December 2001</u>

Turnover from continuing operations increased by 18%. Sales from discontinued operations, at £108.1m, were attributable to ELC and THE Games; the comparative period also included THE and SUOS.

Operating profits from continuing operations reduced by 33% to £21.1m. The year on year comparisons of Menzies Distribution's profits were impacted by the previous year's additional 53rd week. Aviation made an operating loss as a result of the world-wide economic slowdown and current conditions within this sector, factors which also contributed to the debtor provision noted above.

The loss of £3.9m from discontinued activities reflected the timing of ELC trading to the date of sale, partially offset by profits from the final months of trading at THE Games. The comparative period discontinued profit benefited from the inclusion of peak trading profits at THE Games.

The funding cost of the Ogden acquisition accounted for most of the increase in interest costs.

Headline profit before tax for the year was £14.6m and Headline earnings per share 14.2p. The Headline earnings per share relating to continuing operations was 19.2p.

After £3.3m of goodwill amortisation and exceptional items of £28.9m which also included the Ogden integration costs, the Group's overall loss before tax was £17.6m (2000: £18.5m profit) with earnings per share a loss of 37.5p (2000: earnings per share of 13.8p).

Operating Review (for 12 months to December 2001)

Menzies Distribution

Menzies Distribution has earned a strong reputation both as an effective force and as a voice of reason within the newspaper and magazine industry. It has maintained a robust performance, and its market share and geographical reach were increased by the acquisition of Turners News at the end of 2001 for £7.1m including costs. Turners' annual sales were approximately £45.0m, and the acquisition was immediately earnings enhancing.

The impact of the additional week of trading in 2000 was some £18.3m in sales and £1.3m in profit. The comparisons which follow exclude this 53rd week.

The Division performed strongly helped by newspaper cover price increases, particularly in the latter half of the year during which operating profit was in line with last year. Full year operating profit at £26.1m was lower than last year, affected by various contributory factors including some reduction to overall margins due to changing product mix, increased pagination, and above inflation cost increases, especially for fuel, only partially offset by the recent cover price growth.

During October Menzies Distribution opened the first of four new regional branches at Cambuslang, on time and on budget. The full programme, consolidating ten branches into four major units, will be complete early next year, delivering superior customer service and considerable operational efficiencies. This will assist us in maintaining operating margins despite inflationary cost pressures.

The Office of Fair Trading is conducting a further review of the Industry Code of Practice for the supply of national newspapers in England and Wales. The UK's approach to news wholesaling is generally envied throughout the world, and we are confident that this review will again reaffirm the value of the present industry structure.

Menzies Aviation Group

MAG has three divisions and a broad geographical spread. This diversity is a strength in periods of uncertainty and economic downturn:

Sector Spread	%
Ground Services	53
Cargo Services	39
Support Services	8

Geographical Balance	%
UK	45
Rest of Europe	22
Americas	25
Asia Pacific	8

Source - 12 months turnover to 29th December 2001

MAG has built a solid platform for expansion in a sector which continues to have significant growth potential. A key element of MAG's strategy is to build on its successes by developing a full range of value-added services in carefully chosen markets. It operates in 22 countries, including Spain which was added to the portfolio during the year.

The Ogden Ground Services ("Ogden") acquisition is fully integrated, and all the previously identified under-performers will have been addressed following the sale of Germany, and on completion of the FR8 transaction in the Netherlands which was announced recently.

MAG's turnover more than doubled following the acquisition of Ogden in November 2000. The operating loss of £2.6m included some £2.5m of certain airline debtor provisions as well as losses from businesses which have been or are in the course of being closed or exited, and reflected a slowing global economy from early 2001 compounded by the tragic events of 11th September. We are also experiencing significant insurance premium increases in respect of war and terrorism risks, and various initiatives are under way to mitigate their impact on the business including appropriate surcharges.

Management's rapid response, some of which was under way prior to the events in the USA, has included cost and cargo capacity reductions, particularly at Heathrow, and a reduction of over 1,200 employees world-wide.

<u>UK/Europe</u>

UK cargo was affected by adverse global economic conditions, but Menzies World Cargo (MWC) retained all but one of the cargo contracts which came up for renewal during the year and has also won significant new business since the year end. Capacity rationalisation and system improvements position MWC well for the future. AMI, our consolidation and express business, had a good year and is now seeing the benefits of its investment in internet booking and track and trace facilities.

MAG remains the biggest independent cargo handler in the UK, and in a settlement with Penauille Polyservices has consolidated this position by the acquisition of the remaining 20% minority holding in MWC for £5.5m including costs. At the same time, MAG sold its 49% share of GlobeGround's UK passenger service operation for £5.8m.

Elsewhere in the UK, there were strong performances from Execair (our executive business aviation handler) and from Connect (the inter-terminal transfer service at Heathrow). In the face of unrealistic price competition and a difficult labour environment, we sold Mecanix, our Heathrow vehicle repair and maintenance facility, for a consideration totalling £0.9m after the year end.

The sale of our German operations, which consisted of a number of small loss-making and fragmented locations, was completed in March 2002 for Euro 0.1m and is immediately earnings enhancing. This disposal marks another milestone in streamlining MAG's operations. At Amsterdam, losses have been greatly reduced, with passenger and ramp activities now profitable. The completion of our acquisition of FR8, the largest independent cargo handler in the Netherlands, should bring our cargo operation to profitability through capacity rationalisation. In July, MAG acquired a Spanish business for £0.7m. Although relatively small, this provides the opportunity to bid for forthcoming licences throughout Spain as the liberalisation of European airports accelerates.

Americas

Overall, the region was profitable. Inevitably, the results were more affected by the reduction in activity levels post September. By the end of the year we were seeing signs that the impact on sales revenue had abated and that activity levels were beginning to recover. Particularly pleasing is that since December we have commenced five new contracts.

Most locations performed well during the first half of the year, particularly our joint venture in Peru and our Caribbean stations. Whilst all stations were affected by the subsequent downturn, the main impact was seen in Mexico, Brazil and the USA.

Asia Pacific

Our joint venture in Macau performed exceptionally well and has been relatively unaffected by economic conditions and events elsewhere. Trading at Hong Kong improved, further aided by new contracts won since the year end. However, the operation at Incheon in South Korea has been suspended as we, like others, could not establish the critical mass necessary to justify ongoing investment there.

MAG Summary

2001 was a difficult year for the industry. However, MAG's management took swift and decisive action to deal with loss making activities; to re-position our cost base; and to retain and win key contracts. These initiatives ensure that MAG is poised to benefit from the expected upturn in activity levels. Furthermore, we believe the developments of the last year will accelerate the process of consolidation within the aviation sector, which we expect in turn to re-enforce the trend towards outsourcing. We are in a strong position to win new business as this trend develops.

Outlook

Distribution has made a powerful start to the year, supported by recent cover price increases. In the aviation sector, we have yet to see a sustained improvement in trading conditions but there are some encouraging signs of recovery in its markets.

Commentators remain divided on the prospective economic climate for the short to mid-term. If we look forward with more confidence than some other businesses, it is because we have a strong balance sheet and because we believe the Menzies Group has a good business mix - a resilient and strongly cash generative Distribution division, coupled with an international Aviation operation that is primed to capitalise on undoubted opportunities ahead. Following our reorganisation, we are focused and ready to take the difficult decisions that will give us the edge we need. Few organisations are likely to find the going easy this year; the successful companies will be those who respond quickly and wisely to the issues that arise. We are more certain than ever before that we are ready for the challenges and opportunities ahead.

GROUP PROFIT AND LOSS ACCOUNT

for the 34 weeks ended 29th December 2001 (52 weeks ended 5th May 2001)

		8 months to December 2001			12 months to May 2001		
	Notes	Before exceptional items £m	Exceptional items (Note 2) £m	Total £m	Before exceptional items £m	Exceptional items (Note 2) £m	Total £m
Turnover	1						
Continuing operations		**760.0**	**-**	**760.0**	1,024.6	-	1,024.6
Discontinued operations		**55.9**	**-**	**55.9**	306.8	-	306.8
		815.9	**-**	**815.9**	1,331.4	-	1,331.4
Less share of:							
Joint ventures		**(9.5)**	**-**	**(9.5)**	(10.6)	-	(10.6)
Associates		**(42.9)**	**-**	**(42.9)**	(32.7)	-	(32.7)
Group turnover		**763.5**	**-**	**763.5**	1,288.1	-	1,288.1
Net operating costs		**(762.8)**	**(10.4)**	**(773.2)**	(1,240.7)	(9.5)	(1,250.2)
Continuing operations		**6.4**	**(10.4)**	**(4.0)**	24.5	(9.5)	15.0
Discontinued operations		**(5.7)**	**-**	**(5.7)**	22.9	-	22.9
Group operating profit / (loss)		**0.7**	**(10.4)**	**(9.7)**	47.4	(9.5)	37.9
Share of operating profit/(loss) in							
Joint ventures		**-**	**-**	**-**	0.2	-	0.2
Associates		**2.7**	**(0.8)**	**1.9**	2.3	-	2.3
Total operating profit / (loss)	1	**3.4**	**(11.2)**	**(7.8)**	49.9	(9.5)	40.4
Gain on disposal of fixed assets	2	**-**	**-**	**-**	-	2.5	2.5
Loss on disposal of businesses	2	**-**	**(11.3)**	**(11.3)**	-	(27.8)	(27.8)
Profit / (loss) on ordinary activities before interest		**3.4**	**(22.5)**	**(19.1)**	49.9	(34.8)	15.1
Net interest payable		**(2.0)**	**-**	**(2.0)**	-	-	-
Profit / (loss) on ordinary activities before taxation		**1.4**	**(22.5)**	**(21.1)**	49.9	(34.8)	15.1
Taxation		**(2.4)**	**1.9**	**(0.5)**	(14.5)	3.0	(11.5)
(Loss) / profit after taxation		**(1.0)**	**(20.6)**	**(21.6)**	35.4	(31.8)	3.6
Minority interests		**0.2**	**1.0**	**1.2**	(0.3)	-	(0.3)
(Loss) / profit for the financial period		**(0.8)**	**(19.6)**	**(20.4)**	35.1	(31.8)	3.3
Dividends (including non-equity)	5	**(8.0)**	**-**	**(8.0)**	(12.0)	-	(12.0)
Retained (loss) / profit for the financial period		**(8.8)**	**(19.6)**	**(28.4)**	23.1	(31.8)	(8.7)
Earnings per ordinary share	3						
Headline		**0.4p**			62.8p		
FRS3				**(38.7)p**			2.7p
Headline/FRS3 diluted		**0.4p**		**(38.7)p**	62.8p		2.7p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the 34 weeks ended 29th December 2001 (52 weeks ended 5th May 2001)

	December 2001 £m	May 2001 £m
(Loss)/profit for the financial period	**(20.4)**	3.3
Currency translation	**(0.3)**	2.1
Total recognised (losses) / gains for the financial period	**(20.7)**	5.4

GROUP BALANCE SHEET
as at 29th December 2001 (5th May 2001)

	Dec 2001 £m	Dec 2001 £m	May 2001 £m	May 2001 £m
Fixed assets				
Intangible assets		**26.6**		17.6
Tangible assets		**113.8**		124.4
Investments				
- joint ventures				
Goodwill	**10.2**		10.7	
Share of gross assets	**3.2**		3.0	
Share of gross liabilities	**(2.2)**		(2.3)	
Shareholder loans	**0.6**		0.4	
		11.8		11.8
- associates		**36.7**		43.6
- other		**6.9**		3.6
Total investments		**55.4**		59.0
		195.8		201.0
Current assets				
Stocks		**11.2**		30.3
Debtors				
- amounts due after more than one year		**45.0**		41.7
- amounts due within one year		**92.6**		99.7
Cash at bank and in hand		**38.8**		58.8
		187.6		230.5
Creditors: amounts falling due within one year				
Bank loans and overdrafts		**(18.6)**		(12.1)
Other		**(155.8)**		(181.1)
Net current assets		**13.2**		37.3
Total assets less current liabilities		**209.0**		238.3
Creditors: amounts falling due after more than one year				
Loans and other borrowings		**(66.9)**		(70.5)
Other		**(4.2)**		(4.3)
Provision for liabilities and charges				
Deferred taxation		**(11.0)**		(11.7)
Other		**(10.5)**		(9.0)
		116.4		142.8
Capital and reserves				
Called up share capital		**14.1**		14.1
Share premium account		**4.0**		4.0
Profit and loss account		**73.6**		93.5
Other reserves		**3.3**		3.6
Equity shareholders' funds		**95.0**		115.2
Non-equity share capital		**21.4**		21.4
Shareholders' funds		**116.4**		136.6
Minority interests		**-**		6.2
		116.4		142.8

The accounts were approved by the Board of Directors on 18th March 2002 and signed on its behalf by:

David Mackay, Chief Executive

Martyn Smith, Group Finance Director

GROUP CASH FLOW STATEMENT

for the 34 weeks ended 29th December 2001 (52 weeks ended 5th May 2001)

	Notes	**8 months to December 2001** £m	£m	12 months to May 2001 £m	£m
Net cash inflow from continuing operations			**7.2**		26.4
Net cash (outflow)/inflow from discontinued operations			**(10.2)**		24.2
Net cash (outflow) / inflow from operating activities	4a		**(3.0)**		50.6
Dividends from joint ventures and associates			**3.3**		2.1
Returns on investments and servicing of finance					
Interest received		**2.2**		5.4	
Interest paid		**(4.7)**		(4.4)	
Preference dividends paid		**(1.8)**		(1.8)	
Minority interest dividends		**-**		(0.2)	
Net cash outflow from returns on investments and servicing of finance			**(4.3)**		(1.0)
Tax paid			**(4.3)**		(3.4)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(21.7)**		(23.0)	
Sale of tangible fixed assets		**0.9**		2.1	
Employee share ownership advances		**-**		(0.1)	
Net cash outflow from capital expenditure and financial investment			**(20.8)**		(21.0)
Acquisitions and disposals					
Investment in joint ventures and associates		**(0.2)**		(51.8)	
Purchase of subsidiaries		**(7.3)**		(43.0)	
Net cash acquired with subsidiaries		**0.1**		8.1	
Disposal of subsidiaries		**24.6**		0.8	
Net cash disposed of with subsidiaries		**(3.6)**		-	
Net cash inflow / (outflow) from acquisitions and disposals			**13.6**		(85.9)
Equity dividends paid			**(7.1)**		(9.8)
Management of liquid resources					
Increase in short term deposits		**(2.9)**		(3.3)	
Net cash outflow from management of liquid resources			**(2.9)**		(3.3)
Net cash outflow before financing			**(25.5)**		(71.7)
Financing					
Proceeds from shares issued		**-**		0.2	
Finance leases		**(0.3)**		(0.3)	
Increase in loans		**0.9**		41.1	
Net cash inflow from financing			**0.6**		41.0
Decrease in cash in the period	4b,c		**(24.9)**		(30.7)

NOTES ON ACCOUNTS

1. Segmental analysis

	Turnover		Pre-exceptional operating profit/(loss)	
	8 months to Dec 2001 £m	12 months to May 2001 £m	**8 months to Dec 2001 £m**	12 months to May 2001 £m
By class of business				
Distribution Services	**594.4**	866.8	**16.5**	26.3
Aviation Services	**165.6**	157.8	**(3.8)**	4.3
	760.0	1,024.6	**12.7**	30.6
Central services	**-**	-	**(4.7)**	(6.9)
Pension credit	**-**	-	**3.3**	5.0
Continuing operations	**760.0**	1,024.6	**11.3**	28.7
Goodwill amortisation	**-**	-	**(2.2)**	(1.7)
Discontinued operations	**55.9**	306.8	**(5.7)**	22.9
	815.9	1,331.4	**3.4**	49.9
By geographical origin				
United Kingdom	**662.8**	963.8	**9.9**	25.6
Continental Europe	**43.5**	20.2	**(0.8)**	(0.4)
Americas	**40.0**	30.5	**(0.3)**	2.5
Rest of the World	**13.7**	10.1	**0.3**	(0.7)
Continuing operations	**760.0**	1,024.6	**9.1**	27.0
Discontinued operations – United Kingdom	**55.9**	306.8	**(5.7)**	22.9
	815.9	1,331.4	**3.4**	49.9
Joint Ventures and Associates included above:				
Distribution Services				
Joint ventures	**6.0**	8.3	**-**	(0.1)
Associates	**9.6**	14.3	**-**	-
Aviation Services				
Joint ventures	**3.5**	2.3	**0.4**	0.5
Associates	**33.3**	18.4	**3.8**	3.0
	52.4	43.3	**4.2**	3.4
Goodwill amortisation	**-**	-	**(1.5)**	(0.9)
	52.4	43.3	**2.7**	2.5
By geographical origin				
United Kingdom	**20.6**	28.7	**(0.4)**	(0.1)
Continental Europe	**21.7**	8.5	**0.3**	0.9
Americas	**3.5**	2.3	**0.1**	0.3
Rest of the World	**6.6**	3.8	**2.7**	1.4
	52.4	43.3	**2.7**	2.5

Turnover by geographical origin and destination do not materially differ.

Goodwill amortisation is attributable to Aviation Services.

Discontinued operations comprise Early Learning Centre (sold in September 2001), THE Games (exited in February 2001) and THE (sold in August 2000).

The results of acquisitions during the period were not material.

2. Exceptional items

	Notes	**8 months to Dec 2001 £m**	12 months to May 2001 £m
Exceptional operating expenses:			
Aviation Services	a	**(9.0)**	(6.0)
Distribution Services	b	**(1.4)**	(3.5)
		(10.4)	(9.5)
Aviation Services – associate	c	**(0.8)**	-
Total exceptional operating expenses		**(11.2)**	(9.5)
Non-operating exceptional items:			
Net profit on disposal of fixed assets	d	**-**	2.5
Net loss on disposal of businesses	e	**(11.3)**	(27.8)
Total non-operating exceptional items		**(11.3)**	(25.3)
Total exceptional items		**(22.5)**	(34.8)

a December 2001: Cost of rationalising excess capacity, comprising asset write downs, property costs and related staff costs.

May 2001: Cost of integrating Ogden Ground Services - £3.6m and costs in respect of an abortive acquisition - £2.4m.

b December 2001: Rationalisation costs - £0.5m and additional provision in respect of an investment in an internet magazine subscription service - £0.9m.

May 2001: Provision in respect of the aforementioned internet investment - £3.5m.

c December 2001: Share of the cost of reducing excess capacity in Aeroporti di Roma Handling SpA.

d May 2001: Gain realised on a fixed asset investment in a subsidiary.

e December 2001: On 28th September 2001 Early Learning Centre was sold for £29.6m. The disposal generated a loss of £4.2m before writing off goodwill of £8.5m previously charged to reserves.

On 21st December 2001 the Group, in selling its 49% interest in GlobeGround (UK) Limited for £5.8m, generated a gain of £1.4m.

May 2001: On 11th August 2000 THE was sold at a loss of £13.9m before writing off goodwill of £12.5m previously charged to reserves. Redundancy and other costs on the closure of THE Games amounted to £1.4m.

3. Earnings per share

	Headline		Post exceptional items	
	8 months to Dec 2001 £m	12 months to May 2001 £m	**8 months to Dec 2001 £m**	12 months to May 2001 £m
Operating profit	**3.4**	49.9	**3.4**	49.9
add back: goodwill amortisation	**2.2**	1.7	**-**	-
Exceptional items	**-**	-	**(22.5)**	(34.8)
Interest	**(2.0)**	-	**(2.0)**	-
Profit/(loss) before taxation	**3.6**	51.6	**(21.1)**	15.1
Taxation	**(2.4)**	(14.5)	**(0.5)**	(11.5)
Minority interests	**0.2**	(0.3)	**1.2**	(0.3)
Preference dividends	**(1.2)**	(1.8)	**(1.2)**	(1.8)
Earnings for the period	**0.2**	35.0	**(21.6)**	1.5
Headline				
Earnings per ordinary share (pence)	**0.4**	62.8		
Diluted earnings per ordinary share (pence)	**0.4**	62.8		
FRS3				
Earnings per ordinary share (pence)			**(38.7)**	2.7
Diluted earnings per ordinary share (pence)			**(38.7)**	2.7
Number of ordinary share in issue (millions)				
Weighted average	**55.761**	55.705		
Diluted weighted average	**55.780**	55.745		

The weighted average number of fully paid shares in issue during the period excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options which are dilutive potential ordinary shares.

4. Cash flow

	Contin -uing £m	**Discon -tinued £m**	**8 months to Dec 2001 £m**	Contin -uing £m	Discon -tinued £m	12 months to May 2001 £m
a. Reconciliation of operating profit / (loss) to net cash inflow / (outflow) from operating activities						
Total operating profit/(loss)	**9.1**	**(5.7)**	**3.4**	27.0	22.9	49.9
Depreciation	**8.9**	**2.1**	**11.0**	10.7	5.4	16.1
Goodwill amortisation	**0.7**	**-**	**0.7**	0.8	-	0.8
Share of operating profit in joint ventures	**-**	**-**	**-**	(0.2)	-	(0.2)
Share of operating profit in associates	**(2.7)**	**-**	**(2.7)**	(2.3)	-	(2.3)
Cash spend on exceptional items	**(6.7)**	**(1.1)**	**(7.8)**	(7.2)	(0.4)	(7.6)
Movement on pension prepayment	**(3.3)**	**-**	**(3.3)**	(5.0)	-	(5.0)
Other items not involving the movement of cash	**0.2**	**-**	**0.2**	0.4	-	0.4
(Increase)/decrease in stocks	**(3.6)**	**(2.5)**	**(6.1)**	(1.6)	18.8	17.2
Decrease in debtors	**5.3**	**2.1**	**7.4**	1.1	9.8	10.9
(Decrease)/increase in creditors	**(0.7)**	**(5.1)**	**(5.8)**	2.7	(32.3)	(29.6)
Net cash inflow/(outflow) from operating activities	**7.2**	**(10.2)**	**(3.0)**	26.4	24.2	50.6

Operating cash flows relating to acquisitions during the period were not material.

b	**December 2001 £m**	May 2001 £m
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the period	**(24.9)**	(30.7)
Increase in short term deposits	**2.9**	3.3
Increase in debt and finance leases	**(0.6)**	(40.8)
Movement in net debt in the period	**(22.6)**	(68.2)
Net (debt)/cash at beginning of period	**(24.2)**	44.0
Net debt at end of period	**(46.8)**	(24.2)

c.	**December 2001 £m**	May 2001 £m	Cash flows £m
Analysis of changes in net debt			
Cash at bank and in hand	**12.5**	35.4	(22.9)
Bank overdrafts	**(7.6)**	(5.6)	(2.0)
	4.9	29.8	(24.9)
Short term deposits	**26.3**	23.4	2.9
Bank loans due within one year	**(11.0)**	(6.5)	(4.5)
Loan stock due within one year	**(0.1)**	(0.1)	-
Current portion of finance leases	**-**	(0.3)	0.3
Debt due after one year	**(66.9)**	(70.5)	3.6
	(46.8)	(24.2)	(22.6)

5. Dividends

A final dividend of 6.6p per share has been recommended and, if approved, will be paid on 28th June 2002 to ordinary shareholders on the register at the close of business on 7th June 2002, with an ex-dividend date of 5th June 2002.

6. Accounting Policies

This statement has been prepared in accordance with accounting standards and policies consistent with those set out in the Group Accounts for the period ended 29th December 2001.

7. Accounts

The figures used in this statement which was approved by the directors on 18th March 2002, are not the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 for the period but are taken from those accounts. The auditors' report on the statutory accounts was unqualified and did not contain a statement under Section 237 (2) to (4) of the Companies Act 1985.

8. Annual Report

The Annual Report and Accounts will be posted on 8th April 2002 and the Annual General Meeting will be held at the Roxburghe Hotel, Edinburgh on 2nd May 2002 at 12.15 pm. Statutory Accounts for the year ended May 2001 have been delivered to the Registrar of Companies, and those for the period ended December 2001 will be delivered following the Company's Annual General Meeting.

PRO FORMA 12 MONTH ACCOUNTS

Basis of Preparation

Following the change in financial year end to 31st December, in addition to the shortened 8 month period, pro forma accounts have been prepared for the 52 weeks ended 29th December 2001 and the 53 weeks ended 30th December 2000, to provide a better understanding of the Group's performance on an annualised basis.

The unaudited pro forma information has been derived from the Group Annual and Interim Accounts and management accounts. The pro formas were prepared in accordance with applicable accounting standards and using accounting policies consistent with those adopted for the Group Accounts.

GROUP PROFIT AND LOSS ACCOUNT

		***Pro Forma* 52 weeks to 29th Dec 2001**			*Pro Forma* 53 weeks to 30th Dec 2000		
	Notes	**Before exceptional items £m**	**Exceptional items (Note b) £m**	**Total £m**	Before exceptional items £m	Exceptional items (Note b) £m	Total £m
Turnover	a						
Continuing operations		**1,145.3**	**-**	**1,145.3**	972.0	-	972.0
Discontinued operations		**108.1**	**-**	**108.1**	389.5	-	389.5
		1,253.4	**-**	**1,253.4**	1,361.5	-	1,361.5
Less: share of joint ventures and associates		**(76.6)**	**-**	**(76.6)**	(51.8)	-	(51.8)
Group turnover		**1,176.8**	**-**	**1,176.8**	1,309.7	-	1,309.7
Group operating profit / (loss)							
Continuing operations		**13.4**	**(16.8)**	**(3.4)**	27.1	(8.0)	19.1
Discontinued operations		**(3.9)**	**-**	**(3.9)**	15.8	(5.6)	10.2
Share of operating profit/(loss) in							
Joint ventures		**(0.6)**	**-**	**(0.6)**	1.2	(0.5)	0.7
Associates (including discontinued)		**5.0**	**(0.8)**	**4.2**	4.1	-	4.1
Total operating profit / (loss)	a	**13.9**	**(17.6)**	**(3.7)**	48.2	(14.1)	34.1
Gain on disposal of fixed assets	b	**-**	**-**	**-**	-	11.5	11.5
Loss on disposal of businesses	b	**-**	**(11.3)**	**(11.3)**	-	(27.5)	(27.5)
Profit / (loss) on ordinary activities before interest		**13.9**	**(28.9)**	**(15.0)**	48.2	(30.1)	18.1
Net interest (payable)/receivable		**(2.6)**	**-**	**(2.6)**	0.4	-	0.4
Profit / (loss) on ordinary activities before taxation		**11.3**	**(28.9)**	**(17.6)**	48.6	(30.1)	18.5
Taxation		**(5.3)**	**2.4**	**(2.9)**	(13.9)	5.4	(8.5)
Profit / (loss) after taxation		**6.0**	**(26.5)**	**(20.5)**	34.7	(24.7)	10.0
Minority interests		**0.4**	**1.0**	**1.4**	(0.5)	-	(0.5)
Profit / (loss) for the financial period		**6.4**	**(25.5)**	**(19.1)**	34.2	(24.7)	9.5
Dividends (including non-equity)		**(12.0)**	**-**	**(12.0)**	(11.8)	-	(11.8)
Retained (loss) / profit for the financial period		**(5.6)**	**(25.5)**	**(31.1)**	22.4	(24.7)	(2.3)
Earnings per ordinary share	c						
Headline		**14.2p**			60.0p		
FRS3				**(37.5)p**			13.8p

GROUP BALANCE SHEET

	Note	***Actual*** **As at 29th Dec 2001 £m**	*Pro Froma* As at 30th Dec 2000 £m
Fixed assets			
Intangible assets		**26.6**	20.7
Tangible fixed assets		**113.8**	120.2
Investments		**55.4**	39.4
		195.8	180.3
Current assets			
Stocks		**11.2**	33.5
Debtors		**137.6**	168.7
Cash at bank and in hand		**38.8**	96.8
Creditors: amounts falling due within one year		**(174.4)**	(235.8)
Net current assets		**13.2**	63.2
Total assets less current liabilities		**209.0**	243.5
Creditors: amounts falling due after one year		**(71.1)**	(76.3)
Provision for liabilities and charges		**(21.5)**	(21.7)
		116.4	145.5
Capital and reserves			
Equity share capital		**14.1**	14.1
Non-equity share capital		**21.4**	21.4
Called up share capital		**35.5**	35.5
Reserves		**80.9**	103.7
Shareholders' funds	d	**116.4**	139.2
Minority interests		**-**	6.3
		116.4	145.5

NOTES ON PRO FORMA ACCOUNTS

a. Segmental analysis

	Pro Forma Turnover		*Pro Forma* Profit/(loss)	
	52 weeks to 29th Dec 2001 £m	53 weeks to 30th Dec 2000 £m	**52 weeks to 29th Dec 2001 £m**	53 weeks to 30th Dec 2000 £m
Distribution Services	**900.9**	867.7	**26.1**	29.1
Aviation Services	**244.4**	104.3	**(2.6)**	3.8
	1,145.3	972.0	**23.5**	32.9
Central services	**-**	-	**(7.4)**	(6.6)
Pension credit	**-**	-	**5.0**	5.0
Continuing operations	**1,145.3**	972.0	**21.1**	31.3
Goodwill amortisation	**-**	-	**(3.3)**	(1.0)
Discontinued operations	**108.1**	389.5	**(3.9)**	17.9
	1,253.4	1,361.5	**13.9**	48.2

b. Exceptional items

	Notes	**52 weeks to 29th Dec 2001 £m**	53 weeks to 30th Dec 2000 £m
Exceptional operating expenses:			
Distribution Services	(i)	**(2.4)**	(7.4)
Aviation Services	(ii)	**(14.4)**	(1.1)
Aviation Services – associate	(iii)	**(0.8)**	-
Retail restructuring	(iv)	**-**	(2.4)
Discontinued fixed asset impairment	(v)	**-**	(3.2)
Total exceptional operating expense		**(17.6)**	(14.1)
Non-operating exceptional items:			
Net profit on disposal of fixed assets	(vi)	**-**	11.5
Net loss on disposal of businesses	(vii)	**(11.3)**	(27.5)
Total non-operating exceptional items		**(11.3)**	(16.0)
Total exceptional items		**(28.9)**	(30.1)

(i) 2001: Rationalisation costs - £0.5m and additional provision in respect of an investment in an internet magazine subscription service - £1.9m.

2000: Cost of restructuring Distribution Services operations comprising asset write downs, property costs and related staff costs - £4.9m.

Provision in respect of the aforementioned internet investment - £2.5m.

(ii) 2001: Costs of rationalising excess capacity, comprising asset write downs, property costs and related staff costs - £9.0m.

Costs of integrating Ogden Ground Services - £3.6m and costs in respect of an abortive acquisition - £1.8m.

2000: Costs in respect of an abortive acquisition - £0.6m.

Share of London Cargo Centre restructuring costs - £0.5m.

(iii) 2001: Share of the cost of reducing excess capacity at Aeroporti di Roma Handling SpA.

(iv) 2000: Cost of restructuring certain of Early Learning Centre's operations - £2.4m.

(v) 2000: Fixed asset diminution in respect of THE - £3.2m.

(vi) 2000: On 31st January 2000 the Group sold its 37% interest in Funsoft Holding GmbH for a gain of £2.0m.

On 31st March 2000 the Group sold its 36% interest in SUOS BV for a gain of £7.0m, after writing off goodwill of £24.8m previously charged to reserves.

Gain realised on a fixed asset investment in a subsidiary - £2.5m.

(vii) 2001: On 28th September 2001 Early Learning Centre was sold for £29.6m. The disposal generated a loss of £4.2m before writing off goodwill of £8.5m previously charged to reserves.

On 21st December 2001 the Group, in selling its 49% interest in GlobeGround (UK) Limited for £5.8m, generated a gain of £1.4m.

2000: On 2nd May 2000 the Group sold a 20% interest in its UK air cargo subsidiaries to GlobeGround GmbH. The disposal generated a gain of £0.3m after writing off goodwill of £1.7m previously charged to reserves.

On 11th August 2000 THE was sold at a loss of £26.4m, after writing off goodwill of £12.5m previously charged to reserves.

Redundancy and other costs on the closure of THE Games - £1.4m.

c. Earnings per share

	Pro Forma Headline		*Pro Forma* Post exceptional items	
	52 weeks to 29th Dec 2001 £m	53 weeks to 30th Dec 2000 £m	**52 weeks to 29th Dec 2001 £m**	53 weeks to 30th Dec 2000 £m
Operating profit	**13.9**	48.2	**13.9**	48.2
add back: goodwill amortisation	**3.3**	1.0	**-**	-
Exceptional items	**-**	-	**(28.9)**	(30.1)
Interest	**(2.6)**	0.4	**(2.6)**	0.4
Profit/(loss) before taxation	**14.6**	49.6	**(17.6)**	18.5
Taxation	**(5.3)**	(13.9)	**(2.9)**	(8.5)
Minority interests	**0.4**	(0.5)	**1.4**	(0.5)
Preference dividends	**(1.8)**	(1.8)	**(1.8)**	(1.8)
Earnings for the period	**7.9**	33.4	**(20.9)**	7.7
Earnings per ordinary share (pence)				
Headline	**14.2**	60.0		
FRS3			**(37.5)**	13.8
Number of ordinary shares in issue (millions)				
Weighted average (excluding employee share trusts)	**55.750**	55.688		

d. Reconciliation of movements in shareholders' funds

	As at 29th Dec 2001 £m	As at 30th Dec 2000 £m
(Loss)/profit for the financial period	**(19.1)**	9.5
Goodwill previously written off to reserves	**8.5**	39.0
Dividends: ordinary shares	**(10.2)**	(10.0)
preference shares	**(1.8)**	(1.8)
New share capital issued	**0.1**	0.1
Currency translation	**(0.3)**	0.8
Net (decrease)/increase in shareholders' funds	**(22.8)**	37.6
Shareholders' funds at beginning of period	**139.2**	101.6
Shareholders' funds at end of period	**116.4**	139.2

e. Analysis of net debt

	As at 29th Dec 2001 £m	As at 30th Dec 2000 £m
Cash at bank and in hand (net of bank overdrafts)	**31.2**	96.8
Bank loans due within one year	**(11.0)**	(6.3)
Loan stock due within one year	**(0.1)**	(0.1)
Finance leases due within one year	**-**	(0.3)
Debt due after one year	**(66.9)**	(69.8)
Net (debt)/cash	**(46.8)**	20.3