

John Menzies plc
The international support services Group

PRELIMINARY RESULTS
For the year to 28th December 2002

Highlights:

- Turnover* £1,196.5m (up 4.5%)
- Headline PBT up £11.3m to £25.9m
- Distribution operating profit up 10% to £28.7m
- Aviation operating profit £3.7m (loss £2.6m)
- Headline EPS up 18.7p to 32.9p
- Final dividend of 12.6p maintains total dividend at 18.1p

* *on continuing operations*

"This has been a challenging but rewarding year for the Group.

Distribution has performed ahead of expectations on strong sales boosted by a vibrant magazine market.

In a challenging climate, Aviation has delivered its turnaround following rigorous management action over the past 18 months and has begun to show the strategic strength of that Division.

Whilst the world may be an uncertain place, Distribution is a reliable cash generative business and there is huge potential being unlocked in Aviation. Both businesses have started the year in line with our expectations, and justify my belief that the Group has a strong future."

For further enquiries please contact:

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Overview

This has been a challenging but rewarding year for the Group, with operating profits from our continuing businesses increasing by over 37% against the comparative 12-month period. Distribution has performed ahead of expectations and delivered impressive profit growth. Aviation recovered strongly, turning a first half loss into a full year profit of £3.7m. This represents an improvement of £6.3m and has been achieved despite a prolonged general downturn within the aviation industry.

In addition, capital investment totalling over £34m included the completion of Menzies Distribution's investment in its Scottish branch network, Menzies Aviation's acquisition of Fr8 (making Menzies the largest independent cargo handler in the Netherlands), and ground-breaking IT development in MAG's cargo systems.

Trading Results

All 2001 comparatives are 12 month pro forma numbers owing to the change of financial year end to December during 2001.

Turnover from continuing operations increased by 4.5% to £1,196.5m. Distribution was 6.5% higher at £959.6m with the combined effect of the Turners News acquisition and cover price increases more than offsetting the revenue impact of tabloid price wars. Aviation was £7.5m lower at £236.9m as a result of exits from loss making businesses such as Germany and GlobeGround UK (our ground handling joint venture with Lufthansa).

Group operating profits from continuing operations increased substantially, up by 37.4% to £29.0m. Distribution profits were 10.0% higher at £28.7m. Aviation made an operating profit of £3.7m against a loss of £2.6m last year. The improvement in Aviation's operating results over the last three half year periods demonstrates the encouraging and ongoing recovery in the Division since September 11th, 2001 :-

6 months to December 2001	:	£(3.9)m
6 months to June 2002	:	£(0.6)m
6 months to December 2002	:	£4.3m

Headline profit before tax was £25.9m, £11.3m ahead of last year, with Headline earnings per share of 32.9p increasing by 18.7p.

The effective tax rate on Headline earnings for the year was 21.6%, which has been materially reduced from previous years by the realisation of carry forward overseas tax losses and the resolution of prior period matters with the Inland Revenue.

During the year the Group incurred £4.7m of exceptional costs. £4.0m of these were in respect of Aviation Services. The rationalisation of continuing operations accounted for £1.7m, with a further £2.3m of non-operating exceptional costs arising from the exits from Korea, Germany and Mecanix. In addition, the Group was fined Euro 8.64m (£5.6m) by the European Commission for restricting cross-border trading in Nintendo product before December 1997. The Group separately received Euro 7.5m (£4.9m) in settlement of a legal action with Nintendo.

The fully diluted FRS 3 earnings per share increased to 18.2p from a loss per share of 37.5p.

In common with many companies, the financial condition of the Company's defined benefit pension scheme has been affected by the substantial world-wide decline in the value of equities. The SSAP 24 profit and loss account credit for 2002 of £3.6m is currently estimated to be replaced by a £1.2m pension charge for 2003. We are continuing to apply the transitional rules and disclosures for FRS 17, under which the funding position at the year end would have been a deficit

after deferred tax of £31.4m. We have also decided to introduce a defined contribution scheme for new employees with effect from April 2003, and are currently reviewing the need to recommence cash contributions later in the year.

Dividend

Your Board is recommending a final dividend of 12.6p per share. This maintains our full year dividend at 18.1p.

Menzies Distribution

Menzies Distribution has had another successful year driven by cover price increases, encouraging magazine sales, a strong first year contribution from the Turners business and operational benefits from the Scottish branch restructuring programme.

Sales were up by 6.5%, with newspapers up 3.7% and magazines by 9.7%. Newspaper revenues would have been higher but for the tabloid price war. Stickers were over £2.0m higher, benefiting from strong World Cup sales in the first half, whilst low margin phone-card revenues were also up by £2.4m.

Operating profit was 10.0% up as the benefits of increased turnover were once again augmented by strong control of costs, operational benefits from the completed Scottish branch rationalisation programme and a full year's contribution from the Turners acquisition which performed ahead of our expectations.

The planned restructuring of the Division's Central Scotland operation with the opening of new branches at Newbridge and Linwood was completed on time and on budget. The last remaining branch (East London) in the programme to consolidate ten branches into four major units remains on track for completion in Spring 2004. The planned customer service improvements and operational efficiencies have been achieved.

In December the Office of Fair Trading (OFT) announced the results of its review of the Industry Code of Practice for the supply of newspapers. We are supportive of the OFT's proposals on the rights of retailers to sell-on titles to other retailers and we shall be working closely with all sides of the industry to ensure that the UK network remains the best and most progressive in the world.

Menzies Aviation Group

Menzies Aviation Group (MAG) turned a loss of £2.6m last year into a £3.7m profit in 2002 – a creditable performance in extremely difficult circumstances. The turnaround is testament to the measures taken during 2001 and 2002 to optimise the division's cost structure. MAG has continued the trend reported within our Interim Report, delivering positive progress in every month since March 2002.

During the year MAG has taken a proactive approach in dealing with loss making business units. Germany, Korea and Mecanix have been exited (MAG's operating profit of £3.7m includes £0.6m of losses in respect of these businesses) and Amsterdam, a loss maker acquired from Ogden, has been returned to profitability.

MAG has successfully completed a number of acquisitions. In September it paid £10.7m for Fr8, the largest independent cargo handler in the Netherlands which handles circa 375,000 tonnes per annum. MAG also purchased Wyng, a small UK cargo business, in May and continued to develop its Australian business with the purchase in September of Jardine Airport Services Australia (JASA), a ground handling company. Investment has also been made in technology; in particular, in "Hermes", a leading edge cargo management system that has been successfully implemented in our Heathrow cargo terminals and is now being rolled out elsewhere. This system is a real service differentiator and provides a fundamental platform for the future success and profitable growth of our world-wide cargo network.

In terms of overall trading, there have been strong performances from operations within Asia Pacific, UK support services, parts of Latin America and most of Europe. North America passenger traffic and UK cargo have remained relatively depressed, in line with general economic conditions. Rising insurance costs have been tightly controlled and currency risks hedged where appropriate.

The geographic and business spread of Aviation's business is :

Geography		Sector	
	%		%
UK	41	Passenger and Ramp	51
Rest of Europe	25	Cargo Handling	41
Americas	24	Support Services	8
Asia Pacific	10		

Source: MAG 12 months turnover to 28th December 2002 excluding exited businesses

UK

Turnover from continuing UK operations was 8% higher than 2001 as a result of acquisition (Wyng) and organic growth. Connect (baggage and passenger / employee transfer) commenced two new contracts at Heathrow and Execair (executive aviation service) added four new stations bringing the network total to 14. Cargo traffic to and from the UK remained relatively sluggish throughout the year and volumes were broadly in line with the trends reported by BAA. Towards the end of the year, MAG successfully launched an innovative passenger and ramp handling service geared towards the low cost airlines.

Rest of Europe

Within Europe there were strong growth performances from the Czech Republic and Romania and from our core activities at Amsterdam which made its first profit since acquisition. This was particularly pleasing compared to a loss of over £1.0m in 2001. The Netherlands also benefited from an initial contribution from Fr8. Italy was profitable (before exceptional costs and tax). However, increasing competitive pressures and a complex airport tariff structure at Rome has led us to sell our share of the business, at around book value, to the majority shareholder after the year end. We continue to maintain our small presence in Spain in readiness for forthcoming licence tenders.

Asia Pacific

MAG's Asia Pacific revenues grew by 16%. Most of the growth came from Australia with a significant increase in cargo tonnes and the commencement of passenger and ramp operations following the acquisition of JASA. MAG's associate venture in Macau continues to operate very profitably and has indirectly led to its first venture within mainland China, a small freight forwarding JV with local partners.

Americas

As a region, the Americas continue to suffer most from the after effects of September 11th 2001.

North America was loss making with revenues down some 11% as airline schedules remained at depressed levels and cargo tonnages tracked the trends in the US and world economies. Until geopolitical and economic prospects pick up the focus will be one of continued cost reduction.

Latin America and the Caribbean remained profitable even though revenues were down some 7% as a result of a poor holiday season early in the year, a general scale back in operations by US airlines and adverse economic conditions in countries such as Brazil and Venezuela. All countries,

with the exception of Mexico (which returned a small loss), returned a positive result. There were significant contract wins for our Mexican operation in the last quarter of the year.

Outlook

Distribution remains a strong and successful operation led, we believe, by the best management team in the industry.

The aviation market is recovering from the traumas of 2001, and although it currently faces considerable global uncertainty the growth prospects remain strong. There have been high profile changes in the market, with some major airlines struggling and others seizing opportunities to develop based on a fundamentally different business strategy. We are alert to the possibilities which these changes are creating.

The Group's strategy of expansion in aviation financed by a strong distribution base is beginning to show positive results. We have clear evidence, particularly in the second half of 2002, that Aviation is well placed in the sector. This business has tremendous potential and, with first class management strength in depth, is taking advantage of the emerging opportunities in its sector.

Both businesses have started the year in line with our expectations, and overall we believe that the Group is well placed to exploit the strong position we have achieved.

GROUP PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 28th December 2002 (34 weeks ended 29th December 2001)

	Notes	12 months to December 2002			8 months to December 2001		
		Before excep- tional items £m	Excep- tional items £m	Total £m	Before excep- tional items £m	Excep- tional items £m	Total £m
Turnover	1						
Continuing operations		1,196.5	-	1,196.5	760.0	-	760.0
Discontinued operation		-	-	-	55.9	-	55.9
		<u>1,196.5</u>	<u>-</u>	<u>1,196.5</u>	<u>815.9</u>	<u>-</u>	<u>815.9</u>
Less share of:							
Joint ventures		(13.7)	-	(13.7)	(9.5)	-	(9.5)
Associates		(50.0)	-	(50.0)	(42.9)	-	(42.9)
Group turnover		<u>1,132.8</u>	<u>-</u>	<u>1,132.8</u>	<u>763.5</u>	<u>-</u>	<u>763.5</u>
Net operating costs		<u>(1,112.0)</u>	<u>(1.4)</u>	<u>(1,113.4)</u>	<u>(762.8)</u>	<u>(10.4)</u>	<u>(773.2)</u>
Continuing operations		20.8	(0.7)	20.1	6.4	(10.4)	(4.0)
Discontinued operations		-	(0.7)	(0.7)	(5.7)	-	(5.7)
Group operating profit/(loss)		<u>20.8</u>	<u>(1.4)</u>	<u>19.4</u>	<u>0.7</u>	<u>(10.4)</u>	<u>(9.7)</u>
Share of operating profit/(loss) in							
Joint ventures		-	-	-	-	-	-
Associates		4.7	(1.0)	3.7	2.7	(0.8)	1.9
Total operating profit/(loss)	1	<u>25.5</u>	<u>(2.4)</u>	<u>23.1</u>	<u>3.4</u>	<u>(11.2)</u>	<u>(7.8)</u>
Loss on disposal of businesses	2	-	(2.3)	(2.3)	-	(11.3)	(11.3)
Profit/(loss) on ordinary activities before interest		<u>25.5</u>	<u>(4.7)</u>	<u>20.8</u>	<u>3.4</u>	<u>(22.5)</u>	<u>(19.1)</u>
Net interest payable		<u>(3.1)</u>	<u>-</u>	<u>(3.1)</u>	<u>(2.0)</u>	<u>-</u>	<u>(2.0)</u>
Profit/(loss) on ordinary activities before taxation		<u>22.4</u>	<u>(4.7)</u>	<u>17.7</u>	<u>1.4</u>	<u>(22.5)</u>	<u>(21.1)</u>
Taxation	3	<u>(5.6)</u>	<u>-</u>	<u>(5.6)</u>	<u>(2.4)</u>	<u>1.9</u>	<u>(0.5)</u>
Profit/(loss) after taxation		<u>16.8</u>	<u>(4.7)</u>	<u>12.1</u>	<u>(1.0)</u>	<u>(20.6)</u>	<u>(21.6)</u>
Minority interests		<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>	<u>0.2</u>	<u>1.0</u>	<u>1.2</u>
Profit/(loss) for the financial period		<u>16.7</u>	<u>(4.7)</u>	<u>12.0</u>	<u>(0.8)</u>	<u>(19.6)</u>	<u>(20.4)</u>
Dividends (including non-equity)	6	<u>(12.1)</u>	<u>-</u>	<u>(12.1)</u>	<u>(8.0)</u>	<u>-</u>	<u>(8.0)</u>
Retained profit/(loss) for the financial period		<u>4.6</u>	<u>(4.7)</u>	<u>(0.1)</u>	<u>(8.8)</u>	<u>(19.6)</u>	<u>(28.4)</u>
Earnings per ordinary share	4						
Headline		32.9p			0.4p		
FRS 3				18.2p			(38.7)p
Headline/FRS 3 diluted		32.9p		18.2p	0.4p		(38.7)p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the 52 weeks ended 28th December 2002 (34 weeks ended 29th December 2001)

	Dec 2002	Dec 2001
	£m	£m
Profit/(loss) for the financial period	<u>12.0</u>	<u>(20.4)</u>
Currency translation	<u>(2.7)</u>	<u>(0.3)</u>
Total recognised gains/(losses) for the financial period	<u>9.3</u>	<u>(20.7)</u>

GROUP BALANCE SHEETas at 28th December 2002 (29th December 2001)

	December 2002 £m	December 2001 £m
Fixed assets		
Intangible assets	34.6	26.6
Tangible assets	116.1	113.8
Investments		
- joint ventures		
Goodwill	8.9	10.2
Share of gross assets	4.1	3.2
Share of gross liabilities	(3.5)	(2.2)
Shareholder loans	0.6	0.6
	10.1	11.8
- associates	32.0	36.7
- other	3.6	6.9
- subsidiaries	-	-
Total investments	45.7	55.4
	196.4	195.8
Current assets		
Stocks	10.8	11.2
Debtors - amounts due after more than one year	48.6	45.0
- amounts due within one year	96.7	92.6
Cash at bank and in hand	55.7	38.8
	211.8	187.6
Creditors: amounts falling due within one year		
Bank loans and overdrafts	(22.3)	(18.6)
Other	(153.0)	(155.8)
Net current assets	36.5	13.2
Total assets less current liabilities	232.9	209.0
Creditors: amounts falling due after more than one year		
Loans and other borrowings	(91.5)	(66.9)
Other	(2.8)	(4.2)
Provision for liabilities and charges		
Deferred taxation	(12.9)	(11.0)
Other	(10.2)	(10.5)
	115.5	116.4
Capital and reserves		
Called up share capital	14.3	14.1
Share premium account	5.6	4.0
Profit and loss account	73.5	73.6
Other reserves	0.6	3.3
Equity shareholders' funds	94.0	95.0
Non-equity share capital	21.4	21.4
Shareholders' funds	115.4	116.4
Minority interests	0.1	-
	115.5	116.4

These accounts were approved by the Board of Directors on 17th March 2003 and signed on its behalf by:

David Mackay, Chief Executive
Paul Dollman, Group Finance Director

GROUP CASHFLOW STATEMENTfor the 52 weeks ended 28th December 2002 (34 weeks ended 29th December 2001)

	Notes	12 months to December 2002		8 months to December 2001	
		£m	£m	£m	£m
Net cash inflow from continuing operations			22.9		7.2
Net cash outflow from discontinued operations			-		(10.2)
Net cash inflow/(outflow) from operating activities	5a		22.9		(3.0)
Dividends from joint ventures and associates			4.6		3.3
Returns on investments and servicing of finance					
Interest received		1.3		2.2	
Interest paid		(4.8)		(4.7)	
Preference dividends paid		(1.8)		(1.8)	
Net cash outflow from returns on investments and servicing of finance			(5.3)		(4.3)
Tax paid			(3.7)		(4.3)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(14.0)		(21.7)	
Sale of tangible fixed assets		1.5		0.9	
Net cash outflow from capital expenditure and financial investment			(12.5)		(20.8)
Acquisitions and disposals					
Investment in joint ventures and associates		(0.2)		(0.2)	
Purchase of subsidiaries		(21.5)		(7.3)	
Net (overdrafts)/cash acquired with subsidiaries		(0.4)		0.1	
Disposal of associate		5.8		-	
Disposal of subsidiaries		-		24.6	
Net cash disposed of with subsidiaries		-		(3.6)	
Net cash (outflow)/inflow from acquisitions and disposals			(16.3)		13.6
Equity dividends paid			(9.9)		(7.1)
Management of liquid resources					
Increase in short term deposits		(16.9)		(2.9)	
Net cash outflow from management of liquid resources			(16.9)		(2.9)
Net cash outflow before financing			(37.1)		(25.5)
Financing					
Proceeds from shares issued		1.8		-	
Loan notes redeemed		3.3		-	
Finance leases		-		(0.3)	
Increase in loans		32.5		0.9	
Net cash inflow from financing			37.6		0.6
Increase/(decrease) in cash in the period	5b,c		0.5		(24.9)

NOTES ON ACCOUNTS

1. Segmental Analysis

	Turnover		Pre-exceptional operating profit/(loss)	
	12 months to December 2002 £m	8 months to December 2001 £m	12 months to December 2002 £m	8 months to December 2001 £m
By class of business				
Distribution Services	959.6	594.4	28.7	16.5
Aviation Services	236.9	165.6	3.7	(3.8)
	1,196.5	760.0	32.4	12.7
Central services	-	-	(7.0)	(4.7)
Pension credit	-	-	3.6	3.3
Continuing operations	1,196.5	760.0	29.0	11.3
Goodwill amortisation	-	-	(3.5)	(2.2)
Discontinued operation	-	55.9	-	(5.7)
	1,196.5	815.9	25.5	3.4
By geographical origin				
United Kingdom	1,053.2	662.8	21.1	9.9
Continental Europe	62.9	43.5	2.3	(0.8)
Americas	57.5	40.0	(0.6)	(0.3)
Rest of the World	22.9	13.7	2.7	0.3
Continuing operations	1,196.5	760.0	25.5	9.1
Discontinued operation - United Kingdom	-	55.9	-	(5.7)
	1,196.5	815.9	25.5	3.4
Joint Ventures and Associates included above				
Distribution Services				
Joint ventures	8.6	6.0	(0.2)	-
Associates	14.1	9.6	0.1	-
Aviation Services				
Joint ventures	5.1	3.5	0.6	0.4
Associates	35.9	33.3	6.2	3.8
	63.7	52.4	6.7	4.2
Goodwill amortisation	-	-	(2.0)	(1.5)
	63.7	52.4	4.7	2.7
Joint Ventures and Associates by geographical origin				
United Kingdom	22.9	20.6	(0.2)	(0.4)
Continental Europe	25.9	21.7	0.9	0.3
Americas	4.9	3.5	0.3	0.1
Rest of the World	10.0	6.6	3.7	2.7
	63.7	52.4	4.7	2.7

Turnover by geographical origin and destination do not materially differ.

Goodwill amortisation is attributable to Distribution Services - £0.4m (2001: nil) and Aviation Services - £3.1m (2001: £2.2m).

Discontinued operations comprise Early Learning Centre (sold in September 2001).

The results of acquisitions during the period were not material due to the timing of their acquisition.

2. Exceptional Items

	Notes	12 months to December 2002 £m	8 months to December 2001 £m
Exceptional operating expenses:			
Aviation Services	a	(0.7)	(9.0)
Distribution Services	b	-	(1.4)
Discontinued operation	c	(0.7)	-
		(1.4)	(10.4)
Aviation Services - associate	d	(1.0)	(0.8)
Total exceptional operating expenses		(2.4)	(11.2)
Non-operating exceptional items:			
Net loss on disposal of businesses	e	(2.3)	(11.3)
Total non-operating exceptional items		(2.3)	(11.3)
Total exceptional items		(4.7)	(22.5)

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

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

c On 30th October the Group was fined Euro 8.64m (£5.6m) by the European Commission for restriction of cross-border trading in Nintendo products.

In December 2002 Nintendo agreed to settle a legal action raised against them by the Group in the amount of Euro 7.5m (£4.9m).

These amounts were paid in February 2003.

d The Group's share of the cost of reducing excess capacity in Aeroporti di Roma Handling SpA.

e 2002: On 28th February the Group sold Mecanix, a vehicle repair and maintenance facility at Heathrow, at a loss of £0.2m.

On 31st March the Group closed its Aviation Services operation in South Korea at a cost of £1.0m.

On 1st April the Group sold its Aviation Services operation in Germany at a loss of £1.1m.

2001: On 28th September 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 the Group, in selling its 49% interest in GlobeGround (UK) Limited for £5.8m, generated a gain of £1.4m.

3. Taxation

(a) Analysis of charge in period	12 months to December 2002 £m	8 months to December 2001 £m
Current tax		
UK corporation tax on profits for the period	4.5	(1.6)
Overseas tax	1.2	1.0
Adjustments to prior periods' liabilities	(3.8)	-
Share of joint ventures	0.2	0.2
Share of associates	1.6	0.9
Total current tax	3.7	0.5
Deferred tax		
Origination and reversal of timing differences	1.9	(0.1)
Adjustments to prior periods' liabilities	-	0.1
Total deferred tax	1.9	-
Tax on profit on ordinary activities	5.6	0.5

The tax charge includes a credit of nil (December 2001: £1.9m) in respect of exceptional items.

The tax charge for the period is lower (2001: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

(b) Factors affecting tax charge for the period	12 months to December 2002 £m	8 months to December 2001 £m
Profit/(loss) on ordinary activities before tax	17.7	(21.1)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)	5.3	(6.3)
Effects of:		
Permanent differences (principally goodwill amortisation and exceptional items)	3.4	5.7
Capital allowances in excess of depreciation and other timing differences	(0.8)	1.0
Pension prepayment	(1.1)	(1.0)
Utilisation of tax losses	(1.3)	(0.7)
Adjustments to prior periods' liabilities	(3.8)	-
Unrelieved overseas losses	1.6	2.1
Higher tax rates on overseas earnings	0.4	(0.3)
Current tax charge for period	3.7	0.5

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief, or the Group's existing capital losses could not be utilised. The total amount unprovided for is £1.6m. At present it is not envisaged that any tax will become payable in the foreseeable future.

Some of the Group's overseas operations, particularly in the Netherlands, Hong Kong and Germany, have generated tax losses in the past, the future utilisation of which is uncertain. The Group has therefore not recognised a deferred tax asset of £17.3m (2001: £13.4m) in respect of tax losses of overseas companies.

No deferred tax asset has been provided in respect of capital losses within the Group. There are no current and binding contracts to sell any of the Group's assets and no sales are anticipated in the foreseeable future. The recoverability of these losses is therefore uncertain and as such, has not been provided in the accounts. The amount at 30% which may be recovered against future capital gains is £8.5m (2001: £8.5m).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, joint ventures and associates. As the earnings are continually reinvested, no tax is expected to be payable on them in the foreseeable future.

4. Earnings per Share

	Headline		Post exceptional items	
	12 months to December 2002 £m	8 months to December 2001 £m	12 months to December 2002 £m	8 months to December 2001 £m
Operating profit	25.5	3.4	25.5	3.4
add back: goodwill amortisation	3.5	2.2	-	-
Exceptional items	-	-	(4.7)	(22.5)
Interest	(3.1)	(2.0)	(3.1)	(2.0)
Profit/(loss) before taxation	25.9	3.6	17.7	(21.1)
Taxation	(5.6)	(2.4)	(5.6)	(0.5)
Minority interests	(0.1)	0.2	(0.1)	1.2
Preference dividends	(1.8)	(1.2)	(1.8)	(1.2)
Earnings for the period	18.4	0.2	10.2	(21.6)
Headline				
Earnings per ordinary share (pence)	32.9	0.4		
Diluted earnings per ordinary share (pence)	32.9	0.4		
FRS 3				
Earnings per ordinary share (pence)			18.2	(38.7)
Diluted earnings per ordinary share (pence)			18.2	(38.7)
Number of ordinary shares in issue (millions)				
Weighted average	55.903	55.761		
Diluted weighted average	55.941	55.780		

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 potentially dilutive i.e. where the exercise price is less than the average market price of the shares during the period.

5. Cash flow

	12 months to December 2002 £m	Continuing £m	Discontinued £m	8 months to December 2001 £m
a.				
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities				
Total operating profit/(loss)	25.5	9.1	(5.7)	3.4
Depreciation	14.0	8.9	2.1	11.0
Goodwill amortisation	1.5	0.7	-	0.7
Share of operating profit in joint ventures	-	-	-	-
Share of operating profit in associates	(4.7)	(2.7)	-	(2.7)
Cash spend on exceptional items	(4.9)	(6.7)	(1.1)	(7.8)
Movement on pension prepayment	(3.6)	(3.3)	-	(3.3)
Other items not involving the movement of cash	0.4	0.2	-	0.2
Decrease/(increase) in stocks	0.4	(3.6)	(2.5)	(6.1)
Decrease in debtors	0.4	5.3	2.1	7.4
Decrease in creditors	(6.1)	(0.7)	(5.1)	(5.8)
Net cash inflow/(outflow) from operating activities	22.9	7.2	(10.2)	(3.0)

Operating cash flows relating to acquisitions during the period were not material due to the timing of their acquisition.

	December 2002 £m	December 2001 £m		
b.				
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash in the period	0.5	(24.9)		
Increase in short term deposits	17.0	2.9		
Increase in debt and finance leases	(28.9)	(0.6)		
Movement in net debt in the period	(11.4)	(22.6)		
Net debt at beginning of period	(46.8)	(24.2)		
Net debt at end of period	(58.2)	(46.8)		
c.				
Analysis of changes in net debt				
Cash at bank and in hand	12.5	(0.1)	-	12.4
Bank overdrafts	(7.6)	0.6	-	(7.0)
	4.9	0.5	-	5.4
Short term deposits	26.3	16.9	0.1	43.3
Bank loans due within one year	(11.0)	(5.0)	0.7	(15.3)
Loan stock due within one year	(0.1)	-	-	(0.1)
Debt due after one year	(66.9)	(27.5)	2.9	(91.5)
	(46.8)	(15.1)	3.7	(58.2)

6. Dividends

A final dividend of 12.6p per share has been recommended and, if approved, will be paid on 27th June 2003 to ordinary shareholders on the register at close of business on 6th June 2003, with an ex-dividend date of 4th June 2003.

7. 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 year ended 28th December 2002.

8. Accounts

The figures used in this statement which was approved by the directors on 17th March 2003, are not the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 for the year 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.

9. Annual Report

The Annual Report and Accounts will be posted on 4th April 2003 and the Annual General Meeting will be held at the Roxburghe Hotel in Edinburgh on 9th May 2003 at 12.15pm. Statutory accounts for the period ended 29th December 2001 have been delivered to the Registrar of Companies, and those for the year to 28th December 2002 will be delivered following the Company's Annual General Meeting.

PRO FORMA 12 MONTH ACCOUNTS

Basis of Preparation

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

GROUP PROFIT AND LOSS ACCOUNT

	Notes	Actual 52 weeks to 28 th December 2002			Pro Forma 52 weeks to 29 th December 2001		
		Before excep- tional items £m	Excep- tional items £m	Total £m	Before excep- tional items £m	Excep- tional items £m	Total £m
Turnover	a						
Continuing operations		1,196.5	-	1,196.5	1,145.3	-	1,145.3
Discontinued operations		-	-	-	108.1	-	108.1
		1,196.5	-	1,196.5	1,253.4	-	1,253.4
Less: share of joint ventures and associates		(63.7)	-	(63.7)	(76.6)	-	(76.6)
Group turnover		1,132.8	-	1,132.8	1,176.8	-	1,176.8
Continuing operations		20.8	(0.7)	20.1	13.4	(16.8)	(3.4)
Discontinued operations		-	(0.7)	(0.7)	(3.9)	-	(3.9)
Group operating profit/(loss)		20.8	(1.4)	19.4	9.5	(16.8)	(7.3)
Share of operating profit/(loss) in Joint ventures		-	-	-	(0.6)	-	(0.6)
Associates		4.7	(1.0)	3.7	5.0	(0.8)	4.2
Total operating profit/(loss)	a	25.5	(2.4)	23.1	13.9	(17.6)	(3.7)
Loss on disposal of businesses	b	-	(2.3)	(2.3)	-	(11.3)	(11.3)
Profit/(loss) on ordinary activities before interest		25.5	(4.7)	20.8	13.9	(28.9)	(15.0)
Net interest payable		(3.1)	-	(3.1)	(2.6)	-	(2.6)
Profit/(loss) on ordinary activities before taxation		22.4	(4.7)	17.7	11.3	(28.9)	(17.6)
Taxation		(5.6)	-	(5.6)	(5.3)	2.4	(2.9)
Profit/(loss) after taxation		16.8	(4.7)	12.1	6.0	(26.5)	(20.5)
Minority interests		(0.1)	-	(0.1)	0.4	1.0	1.4
Profit/(loss) for the financial period		16.7	(4.7)	12.0	6.4	(25.5)	(19.1)
Dividends (including non-equity)		(12.1)	-	(12.1)	(12.0)	-	(12.0)
Retained profit/(loss) for the financial period		4.6	(4.7)	(0.1)	(5.6)	(25.5)	(31.1)
Earnings per ordinary share	c						
Headline		32.9p			14.2p		
FRS 3				18.2p			(37.5)p

NOTES ON PRO FORMA ACCOUNTS

a. Segmental analysis

	Turnover		Pre-exceptional operating profit /(loss)	
	52 weeks to 28 th December 2002 £m	52 weeks to 29 th December 2001 £m	52 weeks to 28 th December 2002 £m	52 weeks to 29 th December 2001 £m
Distribution Services	959.6	900.9	28.7	26.1
Aviation Services	236.9	244.4	3.7	(2.6)
	1,196.5	1,145.3	32.4	23.5
Central services	-	-	(7.0)	(7.4)
Pension credit	-	-	3.6	5.0
Continuing operations	1,196.5	1,145.3	29.0	21.1
Goodwill amortisation	-	-	(3.5)	(3.3)
Discontinued operations	-	108.1	-	(3.9)
	1,196.5	1,253.4	25.5	13.9

b. Exceptional items

	notes	52 weeks to 28 th December 2002 £m	52 weeks to 29 th December 2001 £m
Exceptional operating expenses:			
Distribution Services	(i)	-	(2.4)
Aviation Services	(ii)	(0.7)	(14.4)
Aviation Services - associate	(iii)	(1.0)	(0.8)
Discontinued operation		(0.7)	-
Total exceptional operating expense		(2.4)	(17.6)
Non-operating exceptional items:			
Net loss on disposal of businesses	(iv)	(2.3)	(11.3)
Total non-operating exceptional items		(2.3)	(11.3)
Total exceptional items		(4.7)	(28.9)

See Note 2 for details of the exceptional items in the 52 weeks to 28th December 2002.

December 2001:

- (i) Rationalisation costs - £0.5m and additional provision in respect of an investment in an internet magazine subscription service - £1.9m.
- (ii) 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.
- (iii) The Group's share of the cost of reducing excess capacity at Aeroporti di Roma Handling SpA.
- (iv) 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.

c. Earnings per share

	Headline		Post exceptional items	
	52 weeks to 28 th December 2002 £m	52 weeks to 29 th December 2001 £m	52 weeks to 28 th December 2002 £m	52 weeks to 29 th December 2001 £m
Operating profit	25.5	13.9	25.5	13.9
add back: goodwill amortisation	3.5	3.3	-	-
Exceptional items	-	-	(4.7)	(28.9)
Interest	(3.1)	(2.6)	(3.1)	(2.6)
Profit/(loss) before taxation	25.9	14.6	17.7	(17.6)
Taxation	(5.6)	(5.3)	(5.6)	(2.9)
Minority interests	(0.1)	0.4	(0.1)	1.4
Preference dividends	(1.8)	(1.8)	(1.8)	(1.8)
Earnings for the period	18.4	7.9	10.2	(20.9)

Earnings per ordinary share (pence)

Headline	32.9	14.2		
FRS3			18.2	(37.5)

Number of ordinary shares in issue (millions)

Weighted average (excluding employee share trusts)	55.903	55.750		
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d. Reconciliation of movements in shareholders' funds

	As at 28 th December 2002 £m	As at 29 th December 2001 £m
Profit/(loss) for the financial period	12.0	(19.1)
Goodwill previously written off to reserves	-	8.5
Dividends: ordinary shares	(10.3)	(10.2)
preference shares	(1.8)	(1.8)
New share capital issued	1.8	0.1
Currency translation	(2.7)	(0.3)
Net decrease in shareholders' funds	(1.0)	(22.8)
Shareholders' funds at beginning of period	116.4	139.2
Shareholders' funds at end of period	115.4	116.4