24 April 2003

BROWN & JACKSON PLC ANNOUNCES PRELIMINARY RESULTS
FOR 33 WEEKS TO 22 FEBRUARY 2003

Continued sales growth:

- Operating profit from continuing operations pre exceptional charges £6.8m and ahead of market expectations
- Like for like sales up 2.8% in continued operations
- In current trading for the 8 weeks to 19 April 2003 total sales up 7% and like for like sales up 5.5%
- Including businesses disposed of, loss before taxation of £23.1m (2002: £46.9m for 53 week period)
- Strong cashflow resulting in £0.1m net interest paid (2002: £2.1m)
- Strong cash position at year end, no debt
- Margins in line with expectations
- Store modernisation programme and new product ranges performing ahead of expectations
- Complete management team in place and performing well

Commenting on the results, Christo Wiese, Chairman, said:

"Since the restructuring of the business Poundstretcher has made considerable progress. The restructuring rid Brown & Jackson of brands that were greatly impeding performance while the results already achieved by the new management team at Poundstretcher bode very well for the future. The Group is left without any debts and in a strong cash position thereby creating an excellent platform for future growth."

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CHAIRMAN'S STATEMENT

Brown & Jackson has, in line with its holding company Tradehold, changed its financial year-end to the last Saturday in February. It was felt that a February year-end better aligned the Group's seasonal business with its statutory year-end. This report therefore covers the eight-month period for the 33 weeks to 22 February 2003.

This was a watershed period for the Group. The loss-making subsidiaries - WEW, YMS, The Famous Brunswick Warehouse and B & J Poland - were disposed of, as were 73 freehold properties.

Collectively, the poor performance of these chains had a negative impact on the market rating of the company, eroding substantial shareholder value. The transaction has left it with just its core business, Poundstretcher, which produced 60% of total turnover in the 2002 financial year and was the only one of the business units to report a profit.

The restructuring has left Brown & Jackson in an excellent position - ungeared and with cash in the bank, and free to devote all its attention to re-engineering of the 'Poundstretcher' brand.

For the 33 weeks to 22 February 2003, Group turnover amounted to £223.843 million compared to the previous year's 53 weeks of £451.673 million. The turnover contributed by continuing operations generated £187.271 million, while turnover from discontinued operations amounted to £36.572 million.

For continuing operations (ie Poundstretcher), like for like sales increased by 2.8%, with an operating profit before exceptional items of £6.757 million. This was reduced to an operating loss of £22.985 million after accounting for the losses in the discontinued operations, net loss on disposal of discontinued operations and properties and an exceptional charge for the repositioning of our retail estate.

Net interest paid amounted to £0.078 million (2002: £2.107 million). The reduction is due to favourable cashflow since the disposal dates.

The resulting loss before taxation was £23.063 million (2002: loss of £46.901 million).

The tax credit for the period of £1.864 million (2002: tax credit £1.658 million) arose due to the recognition of deferred tax assets, arriving at a loss for the period of £21.199 million (2002: loss of £45.243 million).

The basic loss per share was 12.1p (2002: loss per share of 27.0p) with the diluted loss per share also 12.1p (2002: diluted loss per share of 27.0p). The adjusted basic earnings per share, which excludes exceptional items, profit on disposal of fixed assets and the result from discontinued operations, was 5.2p (2002: adjusted basic loss per share of 0.5p). No final dividend was proposed (2002: nil).

OPERATING REVIEW

Before becoming Chief Executive on 1 September Angus Monro undertook a comprehensive review of the Poundstretcher business. Those findings, supported by customer market research, formed the basis for a complete overhaul of the brand that commenced last year. This rejuvenation of the business is affecting every aspect of the business; customers, our people and culture, our store environment, processes and products as well as marketing and communications.

In overhauling the business we are not changing our price positioning or moving away from our variety store heritage. What we are doing is raising our value offering in terms of product, shopping environment and service.

Management

The new senior management team is now in place and is working well. It is generating a more dynamic, focussed and task-driven culture throughout the business which is improving our competitive stance.

New buyers and retail operatives have joined the business, thereby greatly expanding our skills base. All those joining have extensive knowledge of the value retail sector. This investment in people has increased specialisation and is already producing results shown in the continued improvement in business performance since September last year.

To align the personal aspirations of senior staff with shareholders' interests, all are incentivised through shares or share options. This extends to our store managers.

Product ranges

Our objective is to gain mass-market appeal by delivering added-value ranges to our customers. An in-house design facility has been established to give a unique feel to our products and achieve improved co-ordination. By September 2003, about 85% of our ranges will reflect this new positioning. Those new ranges already in stores have been extremely well received with sales well in excess of expectations.

A key strategy in creating added value in terms of the product offering is the switch to direct sourcing. The target is for 35% of all products to be obtained at source by the end of 2004, increasing to in excess of 50% by the end of 2005. Savings achieved this way are being invested in significantly improved quality and value. Our staff and customer response to our new ranges has been most encouraging.

Stores

In recent years the standard of our stores has become increasingly unacceptable, with customers perceiving the shopping environment as 'cluttered'. To address this situation, an extensive programme has been introduced to raise housekeeping and merchandising standards, and progress has already been made. Although there is still much to be done, we are aiming to match the standards set by the best High Street operators.

We have also launched a low-cost modernisation programme focussing mainly on improved product presentation, better customer circulation and an overall much more pleasant shopping environment. Stores already completed are performing extremely well. This programme is in the process of being rolled out to all of our largest stores by the end of September.

We have completed a strategic review of our store portfolio. Our objective is to deliver over a five-year period, a retail estate capable of delivering the new 'Poundstretcher' brand as well as sustainable future growth. We plan to operate in larger stores. Following announcement of the conclusion of our strategic review we have taken a provision in the financial statements for the cost of closing a number of our smaller units and relocating a number of others.

The same review has defined an outlet strategy of a minimum of 650 stores with a potential net selling space of 6 million square feet. We therefore have many years of good, solid organic growth ahead. However, in the light of the scale of the task of bringing our store estate up to the required standard we will restrict new store openings to eight this year.

We have already opened new stores in Ormskirk and Rochdale and they are performing well.

Distribution

Our future growth will require significantly improved distribution facilities. We have entered into contracts for a purpose-built, 350 000 sq ft distribution centre which will include 30 000 sq ft of head office space and replace all present distribution facilities. The new warehouse, to be completed in the second half of 2004, will provide us with the infrastructure for several years of unimpeded growth.

New brand development

The business will, by September this year, represent a fundamentally different and improved customer proposition. Consequently new, alternative brands are at present under review with store staff and customers, and a decision about the brand to be trialled, will be made at a later date.

TAXATION

A credit for taxation was taken to the profit and loss account in the period of £1.864 million (2002: a credit of £1.658 million). This credit reflects deferred tax assets recognised in the period of £4.234 million partially offset by a corporation tax charge of £2.370 million.

Provision is made in accordance with FRS19 for taxation, which is deferred because of timing differences between profits as stated in the financial statements and taxable profits. There is a reasonable probability that such taxation will become payable in the foreseeable future, or will be recoverable in the succeeding accounting period, when deferred tax liabilities or assets are created. The asset created in the period largely reflects the dilapidation provisions held by the Group.

LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS AND CERTAIN FREEHOLD PROPERTIES

The Group completed the disposal on 27 September 2002. Provisions of £7.130 million were made at the prior period end for impairment of fixed assets at the discontinued operations, restricting the loss on their disposal in this period to £8.844 million A profit of £8.182 million was, however, realised on the sale of the 73 freehold properties.

EXCEPTIONAL CHARGE

At the interim results, shareholders were advised that an outlet review was in progress that would result in the closure and relocation of a number of outlets. The exceptional charge for this repositioning is estimated at £19.555 million. This comprises an asset impairment charge of £9.570 million and a provision for contractual liabilities of £9.985 million.

GROUP CASHFLOW

Net cashflow from operating activities was £25.592 million (2002: £7.095 million). Net interest paid was £0.170 million (2002: £1.901 million) while taxation paid amounted to £0.350 million (2002: £0.244 million received). Capital expenditure on continuing operations came to £4.418 million (2002: £5.828 million) while the sale of properties and other fixed assets resulted in a cash inflow of £37.396 million (2002: £3.159 million).

The disposal of the discontinued operations resulted in a net cash inflow of £8.992 million.

Cash inflow before management of liquid resources and financing was £64.082 million (2002: £5.531 million outflow). An amount of £40.000 million was used to repay all debt.

During the period £0.270 million was raised by the issue of ordinary shares, taken up by share option holders. At 22 February 2003 the Group had £30.163 million cash in the bank and no debt (2002: net debt of £34.202 million).

BALANCE SHEET

Total shareholders' funds at 22 February 2003 amounted to £21.554 million (2002: £42.170 million). The reduction arose primarily from the losses of discontinued operations and exceptional charges. A reconciliation is disclosed in the notes to the Financial Statements.

Stock decreased from £57.133 million to £23.533 million. The level of terminal stock within Poundstretcher is substantially lower than the previous year. This is the result of continuous efforts by management to improve stock turn and reduce slow-moving and discontinued product lines.

CURRENT TRADING

The results for the eight weeks to Saturday, 19 April, have exceeded our expectations, with total sales up 7% and like-for-like sales up 5.5% compared with the corresponding period last year which represented a period of strong trading. This is very encouraging in the context of the disruption to our core estate through range change activity and store modernisation.

The improvement in like-for-like sales results from higher spend by existing customers and increased footfall. Our new product ranges, clearer communication with customers and improving store standards are all contributing to growth. Modernised stores are trading well ahead of expectations, as are the two new stores opened since the period end.

Margins are in line with our expectations and ahead of last year. Stock levels are about 30% lower and as a result stock turn is significantly faster than last year.

The pace of new range introduction and store modernisation will increase through the remainder of the half-year. There will inevitably be some disruption with possibly lower levels of like-for-like sales achieved. However, we remain very confident that market expectations for the full year will be met.

OUTLOOK

We are now eight months into the programme of overhauling our brand. We have made rapid progress and are, in our view, ahead of plan in terms of delivery. We continue to view the new emerging brand proposition with a very high level of confidence.

We believe the steps taken by the Board during the period under review have enhanced substantially the profit potential of your company and its investor appeal. The restructuring rid Brown & Jackson of the brands that were greatly impeding performance while the results already achieved by the new management team at Poundstretcher bode very well for the future. Disposing of the three loss-making subsidiaries has left Brown & Jackson without any debts and in a strong cash position thereby creating an excellent platform for future growth.

ACKNOWLEDGMENTS

The extensive changes effected in the period under review have made enormous demands on both management and staff. We want to thank every one of them for retaining their sense of purpose and commitment, and for sharing in our vision for the future of the group. We are confident that together we will produce a greatly improved performance in the year to come.

On behalf of the Board

Christo Wiese Chairman	Angus Monro Chief Executive

23 April 2003

Consolidated profit and loss account

for the period ended 22 February 2003

		Continuing operations					Continuing operations				
		Before exceptional items	**Exceptional Items**	**Total**	**Discontinued operations**	**Total**	Before exceptional items	Exceptional Items	Total	Discontinued operations	Total
		33 weeks	**33 weeks**	**33 weeks**	**33 weeks**	**33 weeks**	53 weeks	53 weeks	53 weeks	53 weeks	53 weeks
		2003	**2003**	**2003**	**2003**	**2003**	2002	2002	2002	2002	2002
	Note	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000
Turnover		**187,271**	**-**	**187,271**	**36,572**	**223,843**	267,434	-	267,434	184,239	451,673
Cost of sales	1	**(166,536)**	**(16,698)**	**(183,234)**	**(42,327)**	**(225,561)**	(245,841)	-	(245,841)	(193,876)	(439,717)
Gross profit/(loss)		**20,735**	**(16,698)**	**4,037**	**(5,755)**	**(1,718)**	21,593	-	21,593	(9,637)	11,956
Net operating expenses	2	**(13,978)**	**(2,857)**	**(16,835)**	**(3,770)**	**(20,605)**	(16,051)	-	(16,051)	(34,438)	(50,489)
Operating profit/(loss)		**6,757**	**(19,555)**	**(12,798)**	**(9,525)**	**(22,323)**	5,542	-	5,542	(44,075)	(38,533)
Profit on disposal of fixed assets	3	**-**	**-**	**-**	**8,182**	**8,182**	-	779	779	-	779
Loss on disposal of operations	4	**-**	**-**	**-**	**(8,844)**	**(8,844)**	-	-	-	-	-
Provision for loss on disposal of operations to be discontinued	5	**-**	**-**	**-**	**-**	**-**	-	-	-	(7,130)	(7,130)
Profit/(loss) on ordinary activities before interest and taxation		**6,757**	**(19,555)**	**(12,798)**	**(10,187)**	**(22,985)**	5,542	779	6,321	(51,205)	(44,884)
Net interest payable						**(78)**					(2,017)
Loss on ordinary activities before taxation						**(23,063)**					(46,901)
Tax on loss on ordinary activities	6					**1,864**					1,658
Retained loss for the financial period						**(21,199)**					(45,243)
(Loss)/earnings per share:											
Basic	7					(12.07p)					(26.98p)
Diluted	7					(12.07p)					(26.98p)
Adjusted basic	7					5.16p					0.51p

Statement of group total recognised gains and losses

for the period ended 22 February 2003

	33 weeks 2003 £'000	53 weeks 2002 £'000
Retained loss for the financial period	**(21,199)**	(45,243)
Foreign exchange differences on translation of foreign subsidiaries	**(74)**	(208)
Total recognised gains and losses for the period	**(21,273)**	(45,451)

Note of historical cost profits and losses

for the period ended 22 February 2003

	33 weeks 2003 £'000	53 weeks 2002 £'000
Reported loss on ordinary activities before taxation	**(23,063)**	(46,901)
Realisation of property revaluation gains of previous years	**1,947**	85
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	**16**	58
Historical cost loss on ordinary activities before taxation	**(21,100)**	(46,758)
Historical cost loss for the period retained after taxation	**(19,236)**	(45,100)

Balance sheets

as at 22 February 2003

	Note	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Fixed assets					
Intangible assets		**-**	-	**-**	-
Tangible assets		**18,557**	72,889	**699**	25,119
Investments		**337**	337	**213,263**	194,558
		18,894	73,226	**213,962**	219,677
Current assets					
Stocks		**23,533**	57,133	**-**	-
Debtors					
- amounts falling due within one year		**6,812**	16,761	**1,743**	7,758
- amounts falling due after more than one year:					
deferred tax		**4,234**	-	**53**	-
other		**1,196**	-	**-**	-
		12,242	16,761	**1,796**	7,758
Cash at bank and in hand		**30,163**	7,926	**7,000**	1
		65,938	81,820	**8,796**	7,759
Creditors: amounts falling due within one year	8	**(47,161)**	(62,200)	**(4,662)**	(8,921)
Net current assets/(liabilities)		**18,777**	19,620	**4,134**	(1,162)
Total assets less current liabilities		**37,671**	92,846	**218,096**	218,515
Creditors: amounts falling due after more than one year		**(978)**	(41,455)	**-**	(10,000)
Provisions for liabilities and charges		**(15,139)**	(9,221)	**(98)**	(98)
Net assets		**21,554**	42,170	**217,998**	208,417
Capital and reserves					
Called up share capital		**23,559**	23,500	**23,559**	23,500
Share premium account		**78,026**	77,815	**78,026**	77,815
Merger reserve		**1,397**	1,397	**4,795**	4,795
Revaluation reserve		**555**	2,518	**26**	167
Profit and loss account		**(81,983)**	(63,060)	**111,592**	102,140
Total shareholders' funds	10	**21,554**	42,170	**217,998**	208,417
Equity shareholders' funds		**15,674**	36,290	**212,118**	202,537
Non-equity shareholders' funds		**5,880**	5,880	**5,880**	5,880
Total capital employed		**21,554**	42,170	**217,998**	208,417

Consolidated cash flow statement

for the period ended 22 February 2003

	Note	33 weeks 2003 £'000	33 weeks 2003 £'000	53 weeks 2002 £'000	53 weeks 2002 £'000
Net cash inflow from operating activities	9a		**25,592**		7,095
Returns on investment and servicing of finance					
Interest received		**369**		308	
Interest paid		**(536)**		(2,199)	
Interest element of finance lease rentals paid		**(3)**		(10)	
Net cash outflow from returns on investments and servicing of finance			**(170)**		(1,901)
Taxation					
United Kingdom corporation tax (paid)/received			**(350)**		244
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(6,042)**		(11,274)	
Loans advanced to employees		**(1,336)**		-	
Purchase of own shares		**-**		(337)	
Sale of fixed asset investments		**2,215**		-	
Sale of properties on disposal of subsidiaries	3	**34,604**		-	
Sale of tangible fixed assets		**577**		3,159	
Net cash inflow/(outflow) from capital expenditure and financial investment			**30,018**		(8,452)
Disposals					
Loans recovered on disposal of subsidiaries		**19,490**		-	
Costs of disposals	4	**(657)**		-	
Net cash disposed of with subsidiaries		**(9,841)**		-	
Net cash inflow from disposals			**8,992**		-
Equity dividends paid			**-**		(2,517)
Net cash inflow/(outflow) before management of liquid resources and financing			**64,082**		(5,531)
Management of liquid resources					
Net cash paid into short term deposits		**(22,000)**		-	
Net cash outflow from management of liquid resources	9b		**(22,000)**		-
Financing					
Issue of ordinary shares		**270**		2,857	
Principal payments under finance leases		**(7)**		(78)	
Net movement in loans from parent company		**-**		(16,000)	
Net movement in loans from fellow subsidiary		**(40,000)**		40,000	
Net movement in bank loans		**-**		(25,000)	
Net cash (outflow)/inflow from financing			**(39,737)**		1,779
Increase/(decrease) in net cash	9c		**2,345**		(3,752)

Notes to the preliminary financial statements

for the period ended 22 February 2003

1 Cost of sales

	Continuing operations 33 weeks 2003 £'000	**Discontinued operations 33 weeks 2003 £'000**	**Total 33 weeks 2003 £'000**	Continuing operations 53 weeks 2002 £'000	Discontinued operations 53 weeks 2002 £'000	Total 53 weeks 2002 £'000
Cost of sales	**(166,536)**	**(42,327)**	**(208,863)**	(245,841)	(193,876)	(439,717)
Exceptional cost of sales	**(16,698)**	**-**	**(16,698)**	-	-	-
	(183,234)	**(42,327)**	**(225,561)**	(245,841)	(193,876)	(439,717)

During the period the directors reviewed the carrying value of fixed assets within the group. In particular, where there are certain stores earmarked for closure it was considered appropriate to fully write off fixed assets within those stores. For all other stores the carrying value of fixed assets has been reviewed for any impairment. This has resulted in a total impairment charge against costs of sales of £7,261,000.

The directors have also carried out a review of the group's obligations to maintain its leasehold properties to a standard required under the terms of its leases. This has lead the directors to believe that the group's obligations are considerably higher than was previously estimated and as such has resulted in an exceptional dilapidations charge against cost of sales of £9,302,000.

Further, a review of the estimated provision to exit closed stores has resulted in an exceptional charge against cost of sales of £135,000.

The impairment, dilapidations and closed store charges referred to above comprise the group's exceptional cost of sales in the period of £16,698,000.

2 Net operating expenses

	Continuing operations 33 weeks 2003 £'000	**Discontinued operations 33 weeks 2003 £'000**	**Total 33 weeks 2003 £'000**	Continuing operations 53 weeks 2002 £'000	Discontinued operations 53 weeks 2002 £'000	Total 53 weeks 2002 £'000
Distribution costs before exceptional items	**(7,699)**	**(1,107)**	**(8,806)**	(8,195)	(4,406)	(12,601)
Exceptional distribution costs	**(1,717)**	**-**	**(1,717)**	-	-	-
Distribution costs	**(9,416)**	**(1,107)**	**(10,523)**	(8,195)	(4,406)	(12,601)
Administrative expenses before exceptional items	**(6,875)**	**(2,758)**	**(9,633)**	(8,550)	(10,763)	(19,313)
Exceptional administrative expenses	**(1,140)**	**-**	**(1,140)**	-	(19,314)	(19,314)
Administrative expenses	**(8,015)**	**(2,758)**	**(10,773)**	(8,550)	(30,077)	(38,627)
Rental income	**596**	**95**	**691**	694	45	739
	(16,835)	**(3,770)**	**(20,605)**	(16,051)	(34,438)	(50,489)

The group is to relocate its head office and distribution centres to new premises. When this relocation occurs many of the existing distribution and head office fixed assets will become obsolete and as such an impairment of £1,169,000 has been charged against distribution costs and £1,140,000 against administrative expenses.

The estimated cost of £548,000 for exiting the lease in place at the Newport Pagnell distribution centre has been included in distribution costs.

The administrative expenses in 2002 includes an amount of £19,314,000 relating to the amortisation and impairment of goodwill which arose on acquisition of The Famous Brunswick Warehouse Limited.

Notes to the preliminary financial statements

for the period ended 22 February 2003

3 Profit on disposal of fixed assets

	33 weeks 2003 £'000	53 weeks 2002 £'000
Profit on disposal of freehold and long leasehold properties	**8,182**	779

As part of the restructuring of the group during the period, the group disposed of all of its freehold properties and some long leasehold properties. The total proceeds receivable for these properties amounted to £34,604,000. The total carrying value of the properties at the time of disposal amounted to £26,422,000, resulting in a profit on disposal of £8,182,000. No tax charge arises in respect of the gain as the group has sufficient capital losses brought forward from prior years.

4 Loss on disposal of operations

	33 weeks 2003 £'000	53 weeks 2002 £'000
Loss on disposal of Tradegro (UK) Limited (formerly B&J International Limited)	**8,844**	-

On 27 September 2002, the group disposed of Tradegro (UK) Limited (formerly B&J International Limited) to Tradegro Limited, Brown & Jackson plc's immediate parent company. The loss on disposal is calculated as follows:

	33 weeks 2003 £'000
Consideration received	**-**
Less: net assets disposed of	**(7,800)**
Less: goodwill resurrected on disposal of subsidaries	**(387)**
Less: costs of disposal	**(657)**
Loss on disposal	**(8,844)**

The net assets disposed of amounting to £7,800,000 comprised:

	£'000
Fixed assets	**53,980**
Stock	**28,057**
Debtors	**11,148**
Cash at bank and in hand	**9,841**
Creditors and provisions	**(95,226)**
Net assets	**7,800**

The result of the above transaction has no impact on the tax credit for the year.

5 Provision for loss on disposal of operations to be discontinued

	33 weeks 2003 £'000	53 weeks 2002 £'000
Impairment of tangible fixed assets	**-**	7,130

During the period ended 6 July 2002 the directors were evaluating the disposal of Tradegro (UK) Limited (see note 4). In connection with this evaluation the directors reviewed the carrying value of fixed assets within the businesses to be disposed of which resulted in an impairment charge of £7,130,000.

Notes to the preliminary financial statements

for the period ended 22 February 2003

6 **Taxation**

The tax credit comprises:

	33 weeks 2003 £'000	53 weeks 2002 £'000
United Kingdom corporation tax at 30% (2002: 30%)	**2,370**	-
Prior year overprovision for corporation tax	**-**	(1,168)
Current period tax charge/(credit)	**2,370**	(1,168)
Deferred tax:		
Origination and reversal of timing differences	**(4,234)**	(490)
Tax on loss on ordinary activities	**(1,864)**	(1,658)

As a result of the disposal of the loss making subsidiaries during the period, the group no longer has any trading losses carried forward for corporation tax purposes (2002: £12,000,000).

7 **Earnings per share**

The deferred shares are not eligible for any dividend or other distribution.

The basic earnings per share calculation for the period to 22 February 2003 is based on the loss after taxation of £21,199,000 (2002: £45,243,000) divided by the weighted average number of ordinary 10p shares of 175,570,110 (2002: 167,671,896) which has been reduced to reflect own shares purchased by the Brown & Jackson Employee Share Trust, which are treated as being cancelled for the purpose of this calculation.

The diluted earnings per share calculation for the period to 22 February 2003 is based on the loss after taxation of £21,199,000 (2002: £45,243,000) divided by the weighted average number of ordinary 10p shares in issue adjusted to assume conversion of all dilutive potential ordinary shares as a result of share options. The weighted average number of shares on this basis amounts to 175,827,999 (2002: 167,672,061). Given that there is a basic loss per share for the period, the diluted loss per share has been presented as equal to the basic loss per share.

An adjusted basic earnings per share has also been disclosed in order to exclude the effect of exceptional items and discontinued operations as follows:

	33 weeks 2003		53 weeks 2002	
	Earnings £'000	**EPS Pence**	Earnings £'000	EPS pence
Basic loss per share	**(21,199)**	**(12.07)**	(45,243)	(26.98)
Adjustments:				
Exceptional items	**19,555**	**11.14**	-	-
Profit on disposal of fixed assets	**-**	**-**	(779)	(0.46)
Loss on ordinary activities before interest and taxation from discontinued operations	**10,187**	**5.80**	51,205	30.54
Net interest payable by discontinued operations	**512**	**0.29**	1,351	0.80
Tax effect of excluding discontinued operations	**-**	**-**	(5,684)	(3.39)
Adjusted basic earnings per share	**9,055**	**5.16**	850	0.51

Net interest payable by discontinued operations represents the net interest charge to the profit and loss accounts of those businesses to the date of their disposal. Similarly, the tax effect of excluding discontinued operations represents the tax credits to the profit and loss accounts of those businesses to the date of disposal.

Notes to the preliminary financial statements

for the period ended 22 February 2003

8 Creditors

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Bank loans and overdrafts	**-**	2,067	**-**	-
Obligations under finance leases and hire purchase agreements	**11**	37	**-**	-
Trade creditors	**19,856**	27,584	**21**	61
Bills of exchange payable	**-**	467	**-**	-
Amounts due to group undertakings	**-**	-	**3,065**	6,769
Amounts due to fellow subsidiary undertakings	**256**	-	**160**	-
Corporation tax	**3,095**	1,708	**205**	100
Other taxes and social security costs	**5,857**	3,233	**-**	35
Other creditors	**4,076**	4,345	**465**	486
Accruals and deferred income	**10,296**	16,674	**746**	1,470
Unpresented cheques	**3,714**	6,085	**-**	-
	47,161	62,200	**4,662**	8,921
Amounts falling due after more than one year:				
Amounts owed to fellow subsidiary	**-**	40,000	**-**	10,000
Obligations under finance leases and hire purchase agreements	**-**	24	**-**	-
Other creditors	**978**	1,431	**-**	-
	978	41,455	**-**	10,000

On 16 October 2001, Brown & Jackson plc entered into an agreement with Anconan Holding B.V, a wholly owned subsidiary of Tradegro Limited, for a £50 million revolving credit facility. As part of the group's restructuring on 27 September 2002 all amounts outstanding under this facility were repaid in full and the facility was cancelled.

9 Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash inflow from operating activities

	Continuing operations 2003 £'000	**Discontinued operations 2003 £'000**	**Total 2003 £'000**	Continuing operations 2002 £'000	Discontinued operations 2002 £'000	Total 2002 £'000
Operating (loss)/profit	**(12,798)**	**(9,525)**	**(22,323)**	5,542	(44,075)	(38,533)
Depreciation of tangible fixed assets	**3,455**	**933**	**4,388**	5,542	5,240	10,782
Impairment of tangible fixed assets	**9,570**	**-**	**9,570**	-	-	-
Loss on disposal of tangible fixed assets	**152**	**77**	**229**	62	226	288
Loss on disposal of fixed asset investments	**-**	**-**	**-**	34	-	34
Amortisation of goodwill	**-**	**-**	**-**	-	520	520
Impairment of goodwill	**-**	**-**	**-**	-	18,794	18,794
Decrease in stocks	**3,416**	**2,096**	**5,512**	7,818	12,341	20,159
(Increase)/decrease in debtors	**(846)**	**(1,624)**	**(2,470)**	(425)	647	222
Increase/(decrease) in creditors and provisions	**20,626**	**10,060**	**30,686**	943	(6,114)	(5,171)
Net cash inflow/(outflow) from operating activities	**23,575**	**2,017**	**25,592**	19,516	(12,421)	7,095

Notes to the preliminary financial statements

for the period ended 22 February 2003

9 Notes to the cash flow statement (continued)

(b) Reconciliation of net cash flow to movement in net funds/(debt)

	2003 £'000	2002 £'000
Increase/(decrease) in net cash in the period	**2,345**	(3,752)
Cash outflow from increase in liquid resources	**22,000**	-
Cash outflow from debt and lease financing	**40,007**	1,078
Change in net debt resulting from cash flows	**64,352**	(2,674)
Exchange losses	**(41)**	(100)
Finance leases disposed of with subsidiaries	**43**	-
Movement in net debt in the period	**64,354**	(2,774)
Net debt at 7 July 2002	**(34,202)**	(31,428)
Net funds/(debt) at 22 February 2003	**30,152**	(34,202)

(c) Analysis of net (debt)/funds

	At 7 July 2002 £'000	Cash flow £'000	Other £'000	At 22 February 2003 £'000
Net cash				
Cash at bank and in hand	7,926	22,278	(41)	**30,163**
Less cash held in short term deposits	-	(22,000)	-	**(22,000)**
Bank loan and overdrafts	(2,067)	2,067	-	**-**
	5,859	2,345	(41)	**8,163**
Liquid resources				
Cash held in short term deposits	-	22,000	-	**22,000**
Debt				
Finance leases	(61)	7	43	**(11)**
Debt due after more than one year	(40,000)	40,000	-	**-**
	(40,061)	40,007	43	**(11)**
Net (debt)/funds	(34,202)	64,352	2	**30,152**

(d) Disposals

During the period to the date of disposal, Tradegro (UK) Limited and its subsidiaries contributed to the group's cash flows as follows:

	2003 £'000	2002 £'000
Net cash inflow/(outflow) from operating activities (see note 9a)	**2,017**	(12,421)
Net cash outflow from returns on investments and servicing of finance	**(512)**	(1,351)
Net cash inflow from taxation	**2,416**	2,247
Net cash outflow from capital expenditure and financial investment	**(1,061)**	(5,196)
Net cash inflow from financing	**3,261**	15,677
Increase/(decrease) in net cash	**6,121**	(1,044)

Notes to the preliminary financial statements
for the period ended 22 February 2003

10 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003	2002	**2003**	2002
	£'000	£'000	**£'000**	£'000
(Loss)/profit for the financial period	**(21,199)**	(45,243)	**9,311**	2,201
New share capital subscribed (less associated costs)	**270**	2,857	**270**	2,857
Foreign exchange differences on translation of foreign subsidiaries	**(74)**	(208)	**-**	-
Goodwill resurrected on disposal of subsidiaries (see note 4)	**387**	-	**-**	
Net (reduction in)/addition to shareholders' funds	**(20,616)**	(42,594)	**9,581**	5,058
Opening shareholders' funds	**42,170**	84,764	**208,417**	203,359
Closing shareholders' funds	**21,554**	42,170	**217,998**	208,417

11 Preparation of the preliminary financial statements

This preliminary announcement contains information extracted from the audited financial statements of the company and the group for the period ended 22 February 2003. Those financial statements have been prepared on the basis of the accounting policies set out in the group's 2002 statutory accounts.