

Summary group profit and loss account

for the year ended 31 March 2002

Group turnover from continuing activities increased by 8% to £18.4 billion. This reflects increased sales by BT Wholesale to other telecommunication network operators and improvements in the high growth areas of BT Ignite and BTopenworld.

Total operating profit from continuing activities before goodwill amortisation and exceptional items declined by 9% to £2,663 million reflecting reduced operating

profits and losses in the Concert joint venture.

Net interest payable increased by £308 million to £1,622 million reflecting the investments in 3G licences made in 2001 and subsequently demerged with mmO2.

The Board recommends a final dividend of 2.0p per share, amounting to £173 million.

Total turnover

Products and services sold to customers by BT, together with our share of our ventures' sales.

Net interest payable

Interest paid on borrowings less interest received on short-term investments.

Earnings (loss) per share

Our profit (loss) for the financial year divided by the average number of shares in issue during the period.

	Continuing activities			Discontinued activities and intra-group items 2002 £m	Total 2002 £m	Total ^(b) 2001 £m
	Before goodwill amortisation and exceptional items 2002 £m	Goodwill amortisation and exceptional items ^(c) 2002 £m				
Total turnover	21,815	–	2,827	24,642	29,666	
Less group's share of ventures' turnover, excluding trading between group and principal joint venture	(3,368)	–	(715)	(4,083)	(9,239)	
Group turnover	18,447	–	2,112	20,559	20,427	
Group operating profit (loss)	2,771	(2,817)	(433)	(479)	27	
Group's share of operating profit (loss) of ventures	(108)	(1,335)	62	(1,381)	(397)	
Total operating profit (loss)	2,663	(4,152)	(371)	(1,860)	(370)	
Profit on sale of fixed asset investments and group undertakings	–	21	4,368	4,389	619	
Profit on sale of property fixed assets	27	1,062	–	1,089	34	
Amounts written off investments	–	(535)	–	(535)	–	
Net interest payable	(1,417)	(162)	(43)	(1,622)	(1,314)	
Profit (loss) before taxation	1,273	(3,766)	3,954	1,461	(1,031)	
Taxation	(528)	143	(58)	(443)	(712)	
Profit (loss) after taxation	745	(3,623)	3,896	1,018	(1,743)	
Minority interests	(10)	–	(13)	(23)	(127)	
Profit (loss) for the financial year	735	(3,623)	3,883	995	(1,870)	
Dividends (see below)				(173)	(571)	
Retained profit (transfer from reserves)				822	(2,441)	

Earnings (loss) per share

12.0p (25.7)p

Dividends per share

2.0p 7.8p

Total operating profit from continuing activities before goodwill amortisation and exceptional items

2,663 2,925

Earnings per share from continuing activities before goodwill amortisation and exceptional items

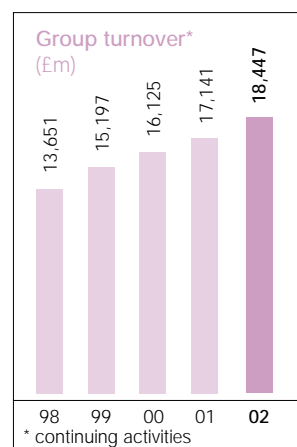
8.8p 19.3p

In addition to the final dividend recommended for the year of £173 million there was a demerger distribution of £19,490 million, representing the net assets of mmO2 (including purchased goodwill) at the date of demerger.

Directors' emoluments 5.0 4.3

Value of shares received by directors under long-term incentive schemes and gains from share options 0.6 0.8

The executive directors receive pensions on retirement. Retirement benefits are accruing to two directors under defined contribution arrangements and to four directors under a defined benefit scheme.



(a) During the 2002 financial year, in addition to the demerger of mmO2, BT disposed of its interests in Japan Telecom and J-Phone Communications, Airtel and Yell. These business activities are shown as discontinued activities. The intra-group items represent transactions between the continuing and discontinued activities.

(b) Comparative figures have been restated in accordance with FRS19 "Deferred Tax" and for the effect of the rights issue which closed on 15 June 2001.

(c) Includes goodwill amortisation of £162 million (2001 – £166 million) and net exceptional losses of £3,604 million (2001 – profits of £340 million) before taxation and minority interests. Net exceptional losses in 2002 are principally goodwill and asset impairments offset by profits on sale of properties of £1,062 million.

(d) Includes goodwill amortisation of £243 million (2001 – £392 million) and net exceptional profits of £4,357 million (2001 – losses of £2,885 million) before taxation and minority interests. Net exceptional profits in 2002 are principally profits on sale of discontinued activities.