

Report on Directors' remuneration continued**Directors' interests**

The interests of the Directors and their immediate families in the Company's ordinary shares were as follows:

Ordinary shares

The Directors' holdings in ordinary shares were:

	2002 Beneficial	2002 Non-beneficial	2001 Beneficial	2001 Non-beneficial
Chairman				
C J Thornton*	3,806,285	704,400	3,806,285	704,400
Executive Directors				
P Burdon	22,918	–	12,194	–
M C Allen	22,000	–	17,000	–
P W Baldwin	5,000	–	5,000	–
J G Culverhouse	86,417	–	86,417	–
D Prendergast (appointed 30 July 2001)	10,000	–	–	–
Non-Executive Directors				
P S Czyzak-Dannenbaum	1,000	–	1,000	–
F M Harrison	1,000	–	1,000	–
J E Jackson	2,500	–	2,500	–
M S Thornton*	804,280	1,847,753	1,874,815	1,847,753

*Non-beneficial interests held as trustees.

It is a policy of the Board that all Directors must hold a minimum of 1,000 shares. Such shares must be purchased as soon as practicable following the Director's appointment, subject to the restrictions imposed by the Model Code on Directors' Dealings.

Share Options and Awards

The interests of the Executive Directors in share options held under the Executive Share Option Schemes and the Share Save Scheme together with awards granted under the Long Term Incentive Plan were as follows:

Director	Scheme	Date of grant	Subscription price	Awards and options held at 2001	Options granted in period	Options exercised	Awards and options lapsed	Awards and options held at 2002	Last date awards and options can be exercised
C J Thornton	LTIP	17 November 1998	–	34,050	–	–	(34,050)	–	–
	LTIP	16 November 1999	–	30,000	–	–	–	30,000	16 November 2006
				64,050	–	–	(34,050)	30,000	
P Burdon	LTIP	12 May 2000	–	40,000	–	–	–	40,000	12 May 2007
	LTIP	7 November 2000	–	55,000	–	–	–	55,000	7 November 2007
	2001 Executive	22 November 2001	90p	–	1,200,000	–	–	1,200,000	22 November 2011
				95,000	1,200,000	–	–	1,295,000	
M C Allen	LTIP	17 November 1998	–	25,000	–	–	(25,000)	–	–
	LTIP	16 November 1999	–	25,000	–	–	–	25,000	16 November 2006
	LTIP	7 November 2000	–	35,000	–	–	–	35,000	7 November 2007
	Share Save	6 November 2000	75p	10,980	–	–	–	10,980	30 June 2006
	Share Save	25 October 2001	67p	–	4,332	–	–	4,332	30 June 2007
	2001 Executive	22 November 2001	90p	–	500,000	–	–	500,000	22 November 2011
			95,980	504,332	–	(25,000)	575,312		
P W Baldwin	LTIP	17 November 1998	–	25,000	–	–	(25,000)	–	–
	LTIP	16 November 1999	–	25,000	–	–	–	25,000	16 November 2006
	LTIP	7 November 2000	–	35,000	–	–	–	35,000	7 November 2007
	2001 Executive	22 November 2001	90p	–	500,000	–	–	500,000	22 November 2011
			85,000	500,000	–	(25,000)	560,000		

Share Scheme Options continued

Director	Scheme	Date of grant	Subscription price	Awards and options held at 2001	Options granted in period	Options exercised	Awards and options lapsed	Awards and options held at 2002	Last date awards and options can be exercised
J G Culverhouse	LTIP	17 November 1998	–	22,918	–	–	(22,918)	–	–
	LTIP	16 November 1999	–	25,000	–	–	–	25,000	16 November 2006
	LTIP	7 November 2000	–	35,000	–	–	–	35,000	7 November 2007
	Executive	3 November 1994	180p	57,065	–	–	–	57,065	2 November 2004
	Share Save	6 November 2000	75p	10,980	–	–	–	10,980	30 June 2006
	Share Save	25 October 2001	67p	–	4,332	–	–	4,332	30 June 2007
	2001 Executive	22 November 2001	90p	–	500,000	–	–	500,000	22 November 2011
				150,963	504,332	–	(22,918)	632,377	
D Prendergast	2001 Executive	22 November 2001	90p	–	500,000	–	–	500,000	22 November 2011
				–	500,000	–	–	500,000	
M S Thornton	LTIP	17 November 1998	–	24,321	–	–	(24,321)	–	–
	LTIP	16 November 1999	–	25,000	–	–	–	25,000	16 November 2006
				49,321	–	–	(24,321)	25,000	

Supplementary notes regarding Share Scheme Options and Awards

The subscription price for options granted under The Thorntons PLC 2001 Executive Share Option Scheme ('the Scheme') was based on the mid-market share price on 24 October 2001, this being a day within 30 days prior to the date of grant and in accordance with the rules of the Scheme.

Options granted under the Scheme can be exercised at any time between three and ten years after the date, subject to the fulfilment of certain performance criteria. For options granted during the 2001/02 financial year these were divided into three equal tranches with the first tranche capable of being exercised if the Company's share price reaches 135 pence at any time within three years of the date of grant. The second and third tranches may be exercised if the share price reaches 160 pence and 185 pence respectively at any time within six years of date of grant. In addition, before any tranche may be exercised, growth in earnings per share must exceed the Retail Prices Index by at least 2% per annum over at least a three year period, the share price must have reached the relevant targets on the day prior to the exercise and the Remuneration Committee must be satisfied that there has been an improvement in the underlying performance of the Company.

The subscription price for options granted under the Executive Share Option Scheme was based on the average share price for the three dealing days prior to the date of grant. During the financial period, no options were exercised under the Scheme. Options granted under the Executive Share Option Scheme can be exercised at any time following three years from the date of grant, but they expire ten years after the date of grant, subject, where applicable, to satisfaction of any relevant performance conditions. For all options granted after 1988 but prior to 10 October 1995 no option holder can exercise any options unless the rate of growth in the Company's earnings per share has been not less than the rate of inflation for the three years prior to the date of exercise. Options granted after 10 October 1995 may only be exercised if the growth in the Company's earnings per share exceeds inflation by more than 5% per annum over a three year period.

Options granted under the Share Save Scheme can be exercised at any time during the six month period commencing five years from the date of the savings contract.

Awards granted under the Long Term Incentive Plan, allow participants to receive shares with payment of only £1 in total, after three years, with the number of shares depending on the performance of the Company. No Awards were made in the 2001/02 financial year. As beneficiaries of the trust all participating Directors are interested in all 504,610 shares held by the trust.

The mid-market price of the ordinary shares at 30 June 2001 was 91 pence and 29 June 2002 was 112.5 pence and the range for the period was from 75.5 pence to 129.5 pence.

The Company's register of Directors' interests, which is open to inspection, contains full details of Directors' shareholdings and options to subscribe.

Changes in Directors' Interests

During the period from 29 June 2002 to 4 September 2002, the interests of the Directors named in the table on page 22 in the shares of the Company were unchanged with the exception of Mr P W Baldwin, whose options and awards lapsed further to his leaving the Company on 9 July 2002. Mr J L Pollard was appointed a Director on 10 July 2002 and has a beneficial interest in 740 shares.

9 September 2002

Consolidated profit and loss account

for 52 weeks ended 29 June 2002

	Notes	For 52 weeks ended 29 June 2002 £'000	For 53 weeks ended 30 June 2001 (restated) £'000
Turnover	1	163,800	159,921
Cost of sales		(76,327)	(76,722)
Gross profit		87,473	83,199
Other selling and distribution costs		(64,548)	(62,297)
Net release of onerous lease provisions	7	443	584
Selling and distribution costs		(64,105)	(61,713)
Administrative expenses		(13,378)	(11,500)
Other operating income	2	420	162
Operating profit	3	10,410	10,148
Interest receivable and similar income	8	422	369
Interest payable and similar charges	9	(3,718)	(4,432)
Profit on ordinary activities before taxation		7,114	6,085
Taxation	10	238	(1,570)
Profit on ordinary activities after taxation		7,352	4,515
Dividends	12	(4,435)	(4,490)
Retained profit for the period		2,917	25
Basic earnings per ordinary share (pence)	13	11.19	6.84
Fully diluted earnings per ordinary share (pence)	13	11.09	6.83
Dividend per ordinary share (pence)	12	6.80	6.80

Continuing operations

All amounts above relate solely to continuing operations.

Historical cost results

There was no material difference between the result disclosed above and the result on an unmodified historical cost basis.

Restatement of comparatives

The adoption of FRS19 'Deferred tax' has resulted in changes to prior period reported results, as detailed in note 14.

Consolidated statement of total recognised gains and losses

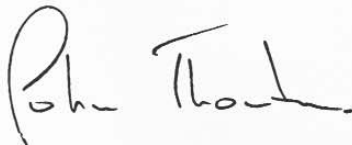
for 52 weeks ended 29 June 2002

	Notes	For 52 weeks ended 29 June 2002 £'000	For 53 weeks ended 30 June 2001 £'000
Total recognised gains and losses for the period		7,352	4,515
Prior period adjustment – FRS19	14	(9,130)	–
Total recognised gains and losses since last annual report		(1,778)	4,515

Balance sheets

	Notes	Group As at 29 June 2002 £'000	Group As at 30 June 2001 (restated) £'000	Company As at 29 June 2002 £'000	Company As at 30 June 2001 (restated) £'000
Fixed assets					
Tangible assets	15	87,444	96,457	86,765	95,734
Investments in own shares	16	1,452	290	1,452	290
Investments in subsidiaries	17	–	–	18	18
		88,896	96,747	88,235	96,042
Current assets					
Stocks	18	14,073	13,220	14,066	13,214
Debtors	19	10,743	9,024	10,912	9,207
Cash at bank and in hand		3,520	3,275	3,155	2,997
		28,336	25,519	28,133	25,418
Creditors: amounts falling due within one year	20	(35,409)	(34,242)	(35,483)	(34,338)
Net current liabilities		(7,073)	(8,723)	(7,350)	(8,920)
Total assets less current liabilities		81,823	88,024	80,885	87,122
Creditors: amounts falling due after one year	21	(30,208)	(38,047)	(30,208)	(38,047)
Provisions for liabilities and charges	24	(8,600)	(9,880)	(8,601)	(9,877)
Net assets		43,015	40,097	42,076	39,198
Capital and reserves					
Share capital	25	6,656	6,656	6,656	6,656
Share premium	26	12,400	12,399	12,400	12,399
Revaluation reserves	26	485	505	–	–
Profit and loss account	26	23,474	20,537	23,020	20,143
Equity shareholders' funds		43,015	40,097	42,076	39,198

These financial statements were approved by the Board of Directors on 9 September 2002 and were signed on its behalf by:



C J Thornton Chairman



M C Allen Finance Director