

Menzies Group

ANNUAL REPORT 2001

John Menzies plc

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Chairman's Statement

This has been a year of further strong progress in the transformation of Menzies into a leading logistics support services group focused on adding value for customers and shareholders. Both of our core businesses are major players in their markets.

Menzies Distribution is a leading operator in UK news and magazine distribution, with a record of adding value as shown by its recent industry gold award as a "company whose professionalism and ingenuity has made a positive contribution in 2000".

The news industry has faced up to a potential upheaval during the year. Proposals were made for a national distribution system for magazines, which Menzies believed would be detrimental to most of those involved, and which has been followed by the forthcoming sale by WH Smith of its news distribution business. Menzies Distribution responded vigorously to these proposals, and is playing its full part in discussions which should lead to balanced improvements in the structure of the industry whilst maintaining the continuing strength and efficiency which are required. We strongly believe that the future of this market depends on maintaining the independence from each other of the publishing, wholesaling and retailing sectors. We remain committed to this structure.

Menzies Aviation Group is now one of the world's leading ground handling companies operating in a market which is both international and expanding. The purchase of Ogden Ground Services in November 2000, and its successful integration within the Group, is a significant step forward in our strategy for developing this business. We are seeking further opportunities to expand in this growing market.

Early Learning Centre is now our only non-core business, and its welcome return to profit, with sales growth well above market trends, is a credit to its management. Its brand and the quality of its toys, many of which are its own designs, are also recognised internationally, as evidenced by distribution agreements now covering the USA and Australasia. It remains our intention to dispose of this business when we can achieve an acceptable price.

We have achieved further progress in rationalising the activities of the Group during the year with the sale of THE in August 2000 and the closure of THE Games in February 2001. Both these businesses were non-core and were highly seasonal, operating in increasingly competitive market segments and involving significant stock risks.

The profits of our continuing operations showed steady progress. Headline Profits rose by £19.9m to £51.6m, with the Group's results for the year benefiting significantly from the one-off profit level achieved by THE Games. This business has been managed successfully to a planned closure, producing excellent profits which we do not believe could have been achieved had it continued trading.

The Directors are recommending an increased final dividend of 12.6p, making a total dividend for the year of 18.1p, an overall rise of 5.8%.

It is my intention to stand down as Chairman at the AGM in September 2002, when I shall have held that position for 5 years. I am particularly pleased that William Thomson has accepted the Board's invitation to succeed me, and he will become Deputy Chairman with immediate effect. William, as Chairman of EG Thomson Shipping Ltd, is extremely experienced in International Distribution and Logistics.

We were delighted that David Coltman accepted our invitation to join the Board in February. His wide experience of the aviation industry is already proving very valuable.

I would like to pay tribute to the executive team, and also to all members of staff throughout the Group, who have worked so conscientiously over the last 12 months to achieve our goals.

The past year has seen the most significant change in the structure of the Group since we set out to reposition ourselves from a mixed retail/wholesale business to a focused logistics support services group. We have achieved much, and, with our shape and direction clearly set, I have great confidence in our future.



Gavin Reed
Chairman

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Chief Executive's Review

In another active and challenging year I am pleased to report that we have made further strong progress in focusing Menzies as a logistics support services group and in reducing our exposure to seasonal and volatile earning streams.

Highlights include:

- Another good performance from Menzies Distribution in a period of considerable industry turmoil.
- The acquisition and successful integration of Ogden Ground Services.
- Menzies Aviation Group transformed into a global ground handling business.
- Profitable and well managed exit from THE Games.
- Early Learning Centre now in profit.

Results

Turnover from continuing operations increased by 9.0% to £1,189.6m. Menzies Distribution turnover was 1.2% higher at £866.8m mainly due to the introduction of an extended range, including phone-cards. Menzies Aviation Group turnover rose over 100% in the year to £157.8m, with Ogden Ground Services (Ogden) generating £61.0m during the five months following the acquisition. Sales at Early Learning Centre increased 4.2% during the year to £165.0m. Turnover from discontinued operations was £162.2m lower at £141.8m with higher sales at THE Games being more than offset by the disposals of THE in the current year and SUOS last year.

Operating profits from continuing operations before goodwill amortisation increased by 8.2% to £30.4m. Menzies Distribution operating profits were lower, mainly due to the 53rd week last year and minimal cover price growth, together with fuel cost pressures.

Operating profit at Menzies Aviation Group almost doubled, largely as a result of the initial contribution from Ogden. Early Learning Centre moved into profitability as it continued its turnaround. Discontinued activities contributed £21.2m primarily on the highly profitable exit from THE Games.

Interest cost reduced by £2.6m to zero, on timing as higher profits and proceeds from the sale of SUOS offset the acquisition of Ogden later in the year.

Headline profit before tax consequently rose by £19.9m to £51.6m and Headline earnings per share increased by 24.9p to 62.8p.

Reflecting the strategic changes under way within the Group, results were affected by a number of exceptional items. Operating exceptionals totalled a cost of £9.5m including integration and rationalisation costs at Ogden, fees in respect of a potential acquisition and a provision made in respect of an investment in an internet magazine subscription business. Non operating exceptional costs totalled £25.3m, being mainly the previously announced disposal of THE which included £12.5m of goodwill previously written off. Exceptional items are covered in greater detail in the Financial Review.

Group profit before tax and after goodwill amortisation and exceptional items was £15.1m (2000: £33.3m). Earnings per share, post goodwill amortisation and exceptional items but after tax, were 2.7p (2000: 48.0p).

4 million newspapers delivered overnight to 22,000 locations

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David Mackay,
Chief Executive





David Shek loads newspapers ready for delivery 0455HRS 18/5/01

Menzies Distribution

	2001	2000	Change	Adjusted for 53rd Week
	£m	£m	£m	£m
Turnover	866.8	856.7	10.1	28.4
Operating profit	26.3	30.0	(3.7)	(2.4)

Menzies Distribution had a good year in difficult market conditions and considerable industry turmoil. Sales, at £866.8m, grew by 3%, after adjusting for the 53rd week last year. Magazines were up by 1%, newspapers down by 1% and there was a first time sales contribution of £18.8m from low margin phone-cards. Despite management's continued success in squeezing costs, operating profit at £26.3m fell 8% (again, adjusted for the 53rd week last year) due to minimal cover price growth, changing product mix, increased pagination and above inflation cost increases, especially fuel. An additional factor was £0.4m of costs incurred as a result of the attempted imposition of national distribution. As in previous years, the Division continued to generate significant cash.

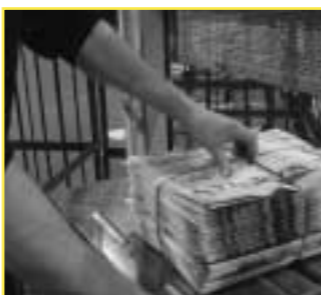
QUITOS • MERIDA • TAMPICO • BRUSSELS • PUERTO PLATA • CANCUN • ZIHUATENEJO • GUADALAJARA • PUEBLA • LEON • AREQUIPA • MANZANILLO • MANCHESTER • PUERTO VALLARTA • RIO DE JANEIRO • COZUMEL • SAN FRANCISCO • PORTLAND • TORONTO • SAN JOSE • MUNICH • BIRMINGHAM • CARRACUS • EDINBURGH • AMSTERDAM • HEATHROW • HONG KONG • SEATTLE • ACAPULCO • SOUTHAMPTON • MELBOURNE • OAKLAND • STANSTED • FRANKFURT • MACRAU •



Newspapers are counted and packed 0300HRS 18/5/01



Lyndsay Glass checks delivery notes 0330HRS 18/5/01



Newspapers are packaged and loaded ready for delivery 0420HRS 18/5/01



Newspapers delivered to Gifford Newsagent 0545HRS 18/5/01



Menzies Distribution (continued)

The announcement by WH Smith and others of their intention to appoint a single wholesaler for their UK magazine supply (national distribution) created serious division amongst publishers, wholesalers and retailers alike. These proposals had potentially wide-ranging implications on the contract renewals secured two years ago and on future strategy for the Division. However, an agreed industry solution is now being developed which should secure the best of the existing distribution network, which is envied the world over, and also create a stable platform to focus on positive future enhancements. We await with interest the final outcome of WH Smith's announced sale of its newspaper and magazine distribution operations and we are well placed to take advantage of any favourable factors emerging from this further period of industry uncertainty.

Contracts with Frontline and its sister company Seymour, the largest magazine sales and trade marketing distributor, were renewed for a period of 6 years. This has further strengthened the Division's contract position, with the majority of its key suppliers having periods remaining in contract of between two and six years.

This provides a strong foundation for the future strength of the business. In addition, the recent cover price increases by the Guardian and the Daily Mail (their first increases for eight and nearly six years respectively) are very welcome and should encourage other newspaper publishers to follow suit.

Plans to reconfigure Menzies Distribution's Central Scotland and East London branch networks are well advanced with the first new depot due to come on stream during September 2001. When completed, some £15m capital expenditure will have been invested and ten existing locations will have merged into four modern, consolidated depots which will deliver enhanced customer service and operational efficiencies.

A first class ticket to Rome, please for this evening

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Menzies Distribution renewed its contract with Frontline for the next 6 years

In one year MAG's 9,300 staff globally expect to handle 45 million passengers, 973,000 tonnes of cargo and turnaround 350,000 aircraft

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Klara Broulova, cellist, arrives at Prague airport 1000HRS 23/5/01



Menzies Aviation Group

	2001 £m	2000 £m	Change £m
Turnover	157.8	76.8	81.0
Operating profit	4.3	2.2	2.1

Last year I reported that Menzies Aviation Group (MAG) had been very successful in developing the business and had become a significant supplier of ground handling and associated services throughout the UK. The acquisition of Ogden Ground Services for £73.8m in November 2000 transformed MAG into a major player in the international ground handling market.

Ogden is an international business providing ground handling services at 64 locations in 20 countries to over 300 regional, domestic and international airlines, directly employing around 4,600 staff and with a further 2,600 staff within joint ventures and associates. Services provided include passenger and ramp handling at over 55 airports and air cargo ground handling at over 20 airports, including 16 at which it provides cargo terminal operations and/or warehousing facilities.

A global product able to service airlines in a substantial number of markets is necessary to maintain competitive effectiveness. Ogden, combined with our existing business, is strongly positioned to respond to the individual needs of airlines and to offer services on a cross regional basis to global airlines and alliances. The acquisition also enables MAG to further capitalise on the opportunities arising from ongoing deregulation of aviation markets and to take advantage of the continued trend towards out-sourcing within the airline industry.

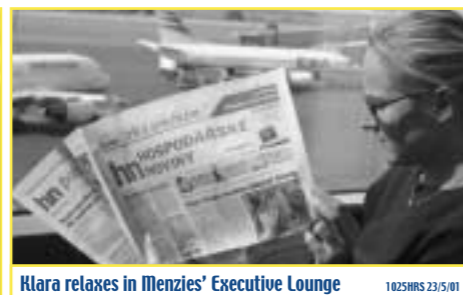


Tomas Hruby prepares flight 453 for take-off to Rome 1110HRS 23/5/01

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Lenka Kotrbackova of MAG checks in Klara 1005HRS 23/5/01



Klara relaxes in Menzies' Executive Lounge 1025HRS 23/5/01



Miroslav Listik, MAG ramp services, handles baggage for flight 453 1030HRS 23/5/01



Lucie Hajkova checks passengers boarding cards as they enter the plane 1105HRS 23/5/01



MAG tug pushes back flight 453 1115HRS 23/5/01



Klara performs on stage in Rome 2015HRS 23/5/01

Menzies Aviation Group (continued)

MAG turnover increased by more than 100% to £157.8m from a combination of organic growth, acquisition and business start-ups. There was similar growth in operating profit mainly due to the initial 5 month contribution of the Ogden acquisition.

The integration of Ogden is substantially complete and has been accomplished as planned. Good progress has also been made in implementing the rationalisation plans made pre-acquisition. A new management structure is in place with senior regional executives covering each of Europe, Asia Pacific and the Americas. We are currently rolling-out the MAG brand to many of the Ogden businesses. Whilst the core of the Ogden business is passenger and ramp handling, we are already seeing opportunities to extend the full Menzies service offer over our now far wider geographical presence.

Ogden overall results are in line with our expectations and considerable progress has also been achieved in tackling the four specific problem areas identified pre-acquisition where appropriate action has been taken or is underway.

In Amsterdam, new management have successfully implemented the turnaround, whilst Ogden UK is in the process of being fully integrated into Menzies World Cargo. Whilst it is proving difficult to break the strength in the market of existing local providers at Hong Kong, we have enhanced service and demonstrated capability to win contracts. In Germany, new management has been appointed and are currently implementing a business recovery plan as part of a wider review of our German strategy. A number of our German stations are quite small and we are already exiting Tegel, Berlin.

Passenger and Ramp Handling Services

Prior to the Ogden acquisition, our passenger and ramp business presence was limited to Manchester, Stansted and Heathrow, where we acquired a 49% stake in GlobeGround's Heathrow activities in September 2000. The Ogden acquisition now provides MAG critical mass and broad geographic reach in an industry which is consolidating into fewer, global providers. In addition, MAG won a licence and commenced operations at the new Incheon Airport in Korea, a territory which should have an exciting and promising future.

Aviation Support Services

A key element in our strategy is to build value-adding businesses which are complementary to core ground handling and which also have the potential to be rolled out via our world-wide network. The principal operating businesses now include:

- Mekanix, an airport vehicle repair and maintenance facility at Heathrow, which has won major contracts for the servicing of the Heathrow fleets of Gate Gourmet and Alpha Airports in its first year.
- Connect, which has just successfully completed the second year of its contract with BAA plc for the provision of baggage and passenger transfer services at Heathrow and which surpassed a number of contractual targets.
- Execair, the business aviation handler, which opened new locations at Inverness, East Midlands, Cardiff and Charleroi in Belgium and has doubled the number of locations served since acquisition.
- The newly acquired MC Services, which provides a claims handling service to airlines. This business has also developed a presence in both USA and Australia and is now pursuing further international opportunities.

I need 50,000 Mangos delivered to Los Angeles

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Our staff handle 32 different types of aircraft including the Antonov 124, the worlds largest freighter aircraft

MAG wins bmi british midland's UK Cargo Handling Contract

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AMI call centre logs request 1605HRS 3/16/01



MWC landside trucking collect and deliver Mangos to Heathrow Airport 0630HRS 5/16/01

Cargo

MAG, through Menzies World Cargo, is the biggest independent cargo handler in the UK. The Ogden acquisition has added a wider international capability to our cargo offer and the potential for significant further expansion. An additional acquisition was the purchase of 80% of Manchester Cargo Centre for £1.1m in November 2000.

Results were inevitably impacted by the global decline in cargo volumes in the latter part of the year, particularly at Heathrow, and we continue to experience a general softening in air cargo. Plans are in hand to rationalise our Heathrow capacity after the inclusion of the two Ogden terminals into our portfolio as well as to harmonise work forces and deal with the prevailing market conditions.

AMI, MAG's consolidation and express business, had a good year, with its investment in e-based booking control and tracking systems having the potential to extend our core cargo operation into a wider logistics management and fulfilment role.



Dave Jones consolidates cargo into containers 0905HRS 19/5/01

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Cargo is unloaded and taken into the MWC cargo facility 0700HRS 5/6/01



MWC computerised cargo system moves and stores cargo before flight 0745HRS 5/6/01



MWC airside trucking take the Mangos to the aircraft 1345HRS 5/6/01



Mangos are loaded on to freighter Flight 564 1355HRS 5/6/01



Flight 564 departs on time for Los Angeles 1425HRS 5/6/01

Early Learning Centre

	2001 £m	2000 £m	Change £m
Turnover	165.0	158.3	6.7
Operating profit/(loss)	1.7	(2.0)	3.7

Early Learning Centre (ELC) returned to profitability with sales up by 4.2% to £165.0m. In a difficult retail environment this growth reflects the success of ELC's multi-channel approach. Sales increased at Debenhams and Sainsbury concessions and through mail order. The performance of the internet operation, which broke even, was particularly pleasing. Operating profit was £1.7m versus a loss of £2.0m last year. Key to this result and to ongoing margin and profit improvement is the continued shift towards Far East sourcing of product.

The autumn/winter season saw ELC's sixth successive season of market share growth, partly driven by an increase in the number of Debenhams concessions from 22 to 48.

The turnaround at ELC is well underway and we will dispose of this non-core business when we achieve an acceptable price.

Discontinued Businesses

	2001 £m	2000 £m	Change £m
Turnover			
THE Games	118.0	96.1	21.9
THE	23.8	128.6	(104.8)
SUOS	-	79.3	(79.3)
	141.8	304.0	(162.2)
Operating profit/(loss)			
THE Games	22.6	4.9	17.7
THE	(1.4)	(4.2)	2.8
SUOS	-	5.5	(5.5)
	21.2	6.2	15.0

THE Games' performance during the year significantly exceeded expectations. This was due to the outstanding success of Pokemon together with a very well planned and executed closure. Despite the excellent result, I have no doubt that the decision to exit this business was correct. THE Games was always a highly seasonal and volatile business and this, together with a relatively short product life cycle, exposed the Group to significant profit variations and working capital risks.

As reported at the Interims and in line with our strategy of de-risking and re-focusing the Group, THE was sold in August. The operating loss for the three months prior to disposal of £1.4m compares to a full year loss in the prior year of £4.2m.

People

Once again I have been hugely encouraged and impressed by the commitment of our employees at every level throughout the Group. I thank them for their hard work and loyalty. Their continued support is key to achieving our strategic objectives.

Outlook

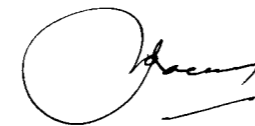
We are now close to delivering our strategic vision of having two very focused and complementary businesses in Distribution and Aviation Services. The Ogden acquisition has propelled Menzies Aviation Group into a major international aviation support services business and provides an excellent platform for ongoing organic growth and development of our service over a wide geographical spread. The Board continues to expect that, before taking account of goodwill amortisation and non-recurring costs, the inclusion of Ogden's results will enhance the Group's earnings per share in the year ending 4th May, 2002.

The current weakness in the aviation sector caused by the softening of global economic conditions means that we are running at less than optimal utilisation, particularly within our Heathrow cargo operations, where too much capacity is chasing too little demand. We believe this to be a temporary phenomenon but we are taking appropriate action. We confidently expect volumes to revert to the previous long-term growth trends.

It goes without saying that the ongoing strength of Menzies Distribution, and in particular its ability to generate cash consistently, remains fundamental to the Group's growth strategy.

After a year of record results, we ended the financial year with a strong balance sheet which allows significant scope for future growth. The international airport services industry continues to undergo major consolidation and we are also exploring various opportunities within this dynamic sector. As ever, both the challenges and opportunities ahead are substantial, but it is encouraging that opportunities continue to develop, especially at a time of flat prospects in many sectors.

Our challenge is to seize this momentum and to achieve the full potential of MAG within the Menzies Group. I believe that we have a first class team in place and from these strong foundations I am confident that our strategy will secure and deliver the future.



David Mackay
Chief Executive

Menzies Group

International Logistics Support Services Group



Both of our core businesses are leaders in their markets

Menzies Aviation Group

81 airports
23 countries
300+ airline customers

Menzies Distribution

30 branches
22,000 customers

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www.elc.co.uk went into profit in its first year

In 2000 Execair handled over 10,000 flights looking after passengers who included popstars, royalty and politicians

Our joint venture handles all of Peru's 32,250 tonnes per annum of asparagus exports

Financial Review

Introduction

The financial performance of the Group continues to show good progress. Free cash flow of £27.6m (2000: £20.7m) and a strong balance sheet leaves the Group well positioned to take up further opportunities, particularly in the Aviation Services sector.

Accounting Developments

During the year the Accounting Standards Board has issued FRS 17 - Retirement Benefits, FRS 18 - Accounting Policies and FRS 19 - Deferred Tax.

Given the substantial surplus in the Group's pension scheme, implementation of FRS 17 will have an effect on Group reporting as it changes the basis of calculation, presentation and disclosure of pension costs. This standard will become fully effective 22nd June 2003.

The Group already complies with FRS 18.

FRS 19, effective 23rd January 2002, is not expected to have a significant impact as the Group does not have substantial capital expenditures giving rise to deferred tax items.

Acquisitions

The Group has continued to invest by acquisition in Aviation Services.

On 18th May 2000 MC Services, an aviation related claims handling business, was acquired for £1.8m.

A 49% interest in GlobeGround (UK) was acquired on 29th September 2000 for £2.8m together with £1.3m of loan notes and, on 3rd November 2000, 80% of Manchester Cargo Centre for £1.1m.

On 20th November 2000 the Group completed the acquisition of Ogden Ground Services, a subsidiary of Ogden Corporation of the USA. Outlay, excluding fees and deferred consideration of £2.0m, was £69.3m, which included £7.9m of acquired cash balances. On the same date the 25% minority interest in Czech Ogden Air Handling SRO was purchased for £3.2m.

On 16th February 2001 a call option with Ogden Corporation was exercised to acquire their 49% interest in Aeroporti di Roma Handling SpA for £7.2m.

Discontinued Operations

In the year the Group has exited both THE and THE Games, both being non-core, highly seasonal and with considerable marketing and currency risks. These businesses, together with SUOS in the comparative period, are consequently treated as discontinued.

Share of Operating Profit of Associates and Joint Ventures

In 2001 the share of operating profit after goodwill of associates and joint ventures was £2.5m. This year's operating profit primarily resulted from strong performances by associates in Macau and Rome (ADRH), both interests being newly acquired as part of Ogden. It is expected that the results of ADRH will be impacted as ground handling is liberalised in Rome within the next financial year.

Exceptional Items

These largely result from the Group's actions to achieve its strategy of focusing on Distribution and Aviation Services activities.

Exceptional operating expenses of £9.5m comprise: the cost of integrating Ogden of £3.6m; £2.4m of transaction costs for an abortive acquisition in the Aviation Services sector; and a fixed asset provision of £3.5m in respect of an internet magazine subscription service investment.

Non-operating exceptional costs of £25.3m comprise: a gain of £2.5m realised on a fixed asset investment in a subsidiary sold in an earlier year; the sale of THE on 11th August 2000 at a loss of £26.4m, after writing off goodwill of £12.5m previously charged to reserves; and redundancy and other closure costs on the expiry of THE Games' Nintendo distribution contract amounting to £1.4m.

Goodwill

Capitalised goodwill at 5th May 2001 amounted to £61.0m and is being amortised over 20 years. The goodwill arising on the acquisition of Ogden Ground Services remains provisional pending finalisation of the completion accounts process.

Cash Flow

	£m	2001 £m	2000 £m
Headline EBITDA		67.7	49.4
Working capital		(4.6)	(4.5)
Operating exceptionals		(9.5)	(11.0)
Non cash items		(3.0)	(0.1)
Operating cash flow		50.6	33.8
Purchase of fixed assets		(23.0)	(19.0)
Sale of fixed assets		2.1	7.6
Net capital expenditure		(20.9)	(11.4)
Dividends from associates and joint ventures less net financing cost		1.3	(1.5)
Tax paid		(3.4)	(0.2)
Free cash flow		27.6	20.7
Dividends paid		(10.0)	(8.9)
Acquisitions		(86.7)	(16.6)
Disposals		0.8	48.0
Shares issued and share trusts		0.1	0.2
Total movement		(68.2)	43.4
Opening net cash		44.0	0.6
Closing net (debt)/cash		(24.2)	44.0

EBITDA increased largely on the THE Games performance.

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Martyn Smith,
Group Finance Director

Financial Review (continued)

Working Capital movement is analysed as follows:

	2001 £m	2000 £m
Stocks	17.2	22.1
Debtors	5.9	(22.3)
Creditors	(27.7)	(4.3)
	(4.6)	(4.5)

The increase in working capital is mainly as a result of the settlement of THE Games' trade creditors following expiry of the distribution contract with Nintendo.

Purchases of fixed assets are summarised as:

	Property £m	Plant & Equip- ment £m	Total £m
Menzies Distribution	5.2	2.8	8.0
Menzies Aviation Group	2.3	8.0	10.3
Retail	-	3.4	3.4
Central	0.5	0.8	1.3
	8.0	15.0	23.0

Tax paid was only £3.4m, benefiting from tax relief on exceptional restructuring charges incurred last year. Payments are expected to increase to a more normal level during the year to April 2002, but will still benefit from relief on the current year operating exceptional charges.

Acquisition expenditure, mainly in respect of Ogden totalled £86.7m during the year.

Balance Sheet

Shareholders' funds were £136.6m at 5th May 2001 compared with £130.4m at 6th May 2000. Principal movements were £15.8m profit in the year, after adding back goodwill already written off, and £2.1m currency revaluation of Ogden less dividends of £12.0m.

Net debt was £24.2m, compared to net cash of £44.0m last year, reflecting the free cash flow of £27.6m offset by dividends paid of £10.0m and the acquisition spend of £86.7m.

Interest

The net interest charge is analysed as follows:

	2001 £m	2000 £m
Bonds	(2.6)	(2.6)
Cash/overdrafts	2.7	0.6
Joint ventures and associates	(0.1)	(0.5)
Other	-	(0.1)
Net interest charge	-	(2.6)

Interest reduced largely as a result of increased interest income from average net cash held during the year. Due to timing, the interest effect of the cash spend on acquisitions was more than offset by increased operating profits, sale proceeds of SUOS in March 2000 and reduced working capital requirements following the exits from THE and THE Games. The reduction in the interest charge from associates reflects the disposal of SUOS.

Taxation

The effective Headline tax rate remained the same at 28.1%. The following table analyses this year's overall tax rate:

	%
Tax due at UK rate	30.0
Non tax-deductible items	1.2
Unrelieved overseas losses	1.4
Prior year adjustments	(4.5)
Headline tax rate	28.1
Exceptional items and goodwill	48.1
Overall tax rate	76.2

The unrelieved overseas losses result from certain loss-making operations within Ogden, which has also led to a shift in the geographical mix of profit towards higher-tax countries.

The overall tax rate increased substantially as most of the exceptional items were non-deductible. In particular neither the goodwill charged on the disposal of THE of £12.5m nor goodwill amortisation of £1.7m attract tax relief.

Pensions

The results of the Group are sensitive to the results of its defined benefit pension scheme. The latest valuation update, prepared by the Group's independent actuarial consultants, was at 30th April 2001 and shows the value of the assets represented 185% of the value of the benefits that had accrued to members, yielding a surplus of £77.1m.

The effect of this surplus is to eliminate the cash cost of the UK pension scheme which would otherwise have been some £4m per year, and a £5m credit is accrued to the prepayment in the Group's balance sheet.

Treasury Operations

The main financial risks faced by the Group are liquidity, interest rate fluctuations and foreign exchange exposures. The Board has approved policies for each of these risks, which are managed on a day-to-day basis by Group Treasury. The purpose of these policies is to ensure that adequate funds are available to the Group at all times and that financial risks arising from the Group's operating and investment activities are carefully managed. Correspondingly, Group policy is not to enter into transactions of a speculative nature.

The Group Treasurer reports formally on a monthly basis to a Treasury Committee under the chairmanship of the Group Finance Director and operates within scope and authorisation levels specified by the Board.

Liquidity: operations are financed by a mixture of shareholders' funds, long term bonds, bank borrowings and trade credit. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group. Surplus cash is currently held, and policy is to make major deposits only with substantial institutions with high credit ratings. In addition to its fully drawn down term loans, the Group has £40.8m of unutilised committed facilities which mature by October 2003. The £20.0m 8.58% cumulative redeemable preference shares are due for redemption in June 2003.

Interest rate fluctuations: the Group's policy is to arrange core debt with fixed rate borrowings. The £35.0m bonds are fixed at 7.362% and other borrowings and cash deposits are at variable rates.

Foreign exchange exposures: the Group's policy is to net off naturally occurring exchange exposures wherever possible and then to hedge all remaining significant actual or anticipated transactional exposures principally through forward contracts but also through options. Anticipated transactions are all in the normal course of business and there is a high probability that they will occur.

In respect of the continuing businesses, approximately 5% of Group turnover, 8% of operating profit and 45% of net assets are denominated in overseas currencies. The proportions in respect of the profit and loss account will increase next year with a full year of ownership of Ogden.

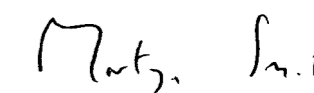
The Group does not use derivatives to hedge profit and loss translation exposures. It is policy, however, to hedge material overseas net assets by means of foreign currency loans. Consequently debt taken on for the acquisition of Ogden was drawn down in US dollars and broadly provides a hedge against the investment.

The majority of the Ogden operations are located outside the UK and operate in currencies other than sterling. The rates of exchange to sterling for those currencies which have principally affected the Group's results were:

	Year end	
	2000/01 Average	5th May 2001
US\$	1.451	1.439
Euro	1.599	1.611

Credit risk: the Group is exposed to credit related losses in the event of non-performance by counterparties to financial instruments, but does not expect any failure by them to meet their obligations given the policy of selecting only counterparties with high credit ratings.

Further disclosure in respect of the above is included in Note 16 to the Accounts.



Martyn Smith
Group Finance Director

Board of Directors



Gavin Reed *#§ (66) was appointed a non-executive director in 1992 and Chairman in 1998. He is Chairman of the Remuneration and Nomination Committees. Previously Vice Chairman of Scottish and Newcastle plc, he is Chairman of Hamilton & Inches Ltd and holds a number of other directorships.



David Mackay § (58) was appointed Chief Executive in 1997, having joined the Board as Wholesale Managing Director in 1984 and the Group in 1964.



Martyn Smith (46) was appointed Group Finance Director in 1999. He was previously Group Financial Controller of Inchcape plc, having held a number of UK and international financial positions both there and earlier with Rothmans.



Iain Callaghan (54) joined the Group in 1965 and was appointed to the Board in January 1997. He is Managing Director of Menzies Distribution.



Peter Smith (57) joined the Group as Chief Executive of Menzies Aviation Group in 1996. His career in aviation has included senior positions in the UK and overseas as well as a period as an independent consultant to the airline industry. He was appointed a director in 1999.



William Thomson *#+\$ (61) Deputy Chairman, has been a non-executive director since 1987 and chairs the Audit Committee as well as being Non-Executive Chairman of Menzies Aviation Group. He is Chairman of EG Thomson (Shipping) Ltd and British Assets plc and holds a number of other directorships.



Dermot Jenkinson *#+ (46) was appointed to the Board in 1986 where he held various executive responsibilities prior to assuming a non-executive role on 30th April 1999. He is co-founder and Chairman of beCogent Ltd, Chairman of the Wren Press and holds a number of other directorships.



Ian Harrison *#+ (44) was appointed a non-executive director in 1987. He is a director of Record Treasury Management Limited.



Charles Ramsay *#+ (64) was appointed a non-executive director in 1990. He is Chairman of Cockburns of Leith Ltd and holds several other directorships.



Michael Walker *#+ (48) was appointed a non-executive director in 1995. He is Managing Partner of solicitors Maclay Murray & Spens.



David Coltman *# (58) was appointed a non-executive director on 1st February 2001. He has held various senior positions with airlines in the UK and, most recently, with United Airlines in Chicago.



Adair Anderson (54) was appointed Company Secretary in 1986, having joined the Group in 1974.

- * Non-executive director
- # Member of Remuneration Committee
- + Member of Audit Committee
- § Member of Nomination Committee

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Corporate Information

Directors

The names of the directors at the date of this report are listed on page 20. Mr D A Coltman was appointed as a non-executive director on 1st February 2001.

The directors who retire by rotation at the Annual General Meeting are Mr D J Jenkinson, Major General C A Ramsay and Mr M R Smith who, being eligible, offer themselves for re-election. Mr D A Coltman, having been appointed a director since the last Annual General Meeting, will retire and offer himself for election.

Of the directors proposed for re-election, Mr Smith has a service contract as set out on page 28. Mr Jenkinson, Major General Ramsay and Mr Coltman as non-executive directors, do not have service contracts.

Substantial Shareholdings

In addition to the directors' interests, the Company has been notified of the following interests of 3 per cent or more in its issued ordinary share capital at 16th July 2001.

	Number of Shares	Percentage of Issued Capital
D C Thomson & Co. Ltd	4,990,000	8.82
Mr J M Menzies	4,189,650	7.41
Mr D F Ramsay	2,639,878	4.67
Mrs S J Speke	2,039,920	3.61
Mrs K P Slater	1,981,552	3.50

Corporate Governance

The Board is committed to high standards of corporate governance and supports the Principles of Good Governance contained in the Combined Code set out in the Listing Rules of the Financial Services Authority. These principles are included in the Board's own Code of Practice which outlines the role and responsibilities of the Board and is regularly reviewed and updated as necessary. Other than as disclosed, the Group has complied throughout the year with the Combined Code.

Board of Directors

The Board comprises seven non-executive directors, including the Chairman, and four executive directors, providing a wide range of skills and experience. Their biographies are on page 20. The roles of the Chairman, who is non-executive, and Chief Executive are separate and clearly defined, and the Board considers the majority of its non-executives to be independent. The Board has considered the appointment of a senior independent non-executive director but has decided not to do so as it does not believe that this is necessary to the functioning of the Board nor in respect of the Company's relationship with its shareholders.

The Board normally meets ten times a year, with a formal schedule of matters specifically reserved to it for decision. Information of an appropriate quality is issued in a timely manner to assist it in performing its duties. All members of the Board have access to the advice and services of the Company Secretary and may take independent professional advice and training as appropriate at the expense of the Company.

Group Executive Committee

The Group Executive Committee is chaired by the Chief Executive and consists of the executive directors together with certain senior executives. It is responsible for the implementation of strategy and plays a central role in planning, budgeting, and the management of risk within the Group's operations. It normally meets eleven times a year.

Nominations Committee

A Nominations Committee with a majority of non-executive directors under the chairmanship of Mr Reed is responsible for recommending new members to the Board for appointment and meets as required. The Board as a whole is responsible for the appointment of its own members, and for nominating them for election by shareholders on first appointment and thereafter for re-election at three yearly intervals.

Remuneration Committee

The Report on Directors' Remuneration on pages 27 to 31 details the constitution and role of the Remuneration Committee, and how the principles of the Combined Code relating to directors' remuneration have been applied. The committee is chaired by Mr Reed, and meets at least once a year.

Audit Committee

The Audit Committee assists the Board in the execution of its responsibilities for corporate governance and internal control. It consists of five non-executive directors, chaired by Mr Thomson, and meets at least three times a year. It reviews the Group's internal control structure, approves the out-sourced controls assurance and external audit programmes, and reviews reports from management, from the external controls assurance specialists, Arthur Andersen, and from the external auditors on their work. It also reviews the Group's financial statements and any proposed changes in accounting policies prior to approval by the Board. Furthermore, it keeps under review the nature and extent of non-audit services provided to the Group by the external auditors.

Corporate Information

(continued)

Communication

The Group has developed a comprehensive programme to ensure that effective communication with shareholders, analysts and the financial press is maintained throughout the year. Through its annual and interim reports, results and other announcements, and presentations to institutional shareholders, the Group seeks to present its strategy and performance in an objective and balanced manner. Information is also available through the Group's website at www.menziesgroup.com.

Shareholders attending the Annual General Meeting are invited to ask questions during the meeting and also to meet the directors after the formal business of the meeting has concluded. The Chairmen of the Audit and Remuneration Committees are also available to answer questions from any shareholder at this meeting. Full details of proxy votes cast on each resolution are made available to shareholders at the meeting.

Internal Control

The directors are responsible for the Group's system of internal control, which covers financial, operational and compliance controls together with risk management. Whilst no system can provide absolute guarantee and protection against material loss, the system is designed to give the directors reasonable assurance that problems can be identified promptly and remedial action taken as appropriate.

The directors have reviewed the effectiveness of the system of internal control for the accounting period under review.

The key features of the Group's internal control system are:

Control Environment

A key factor in the Group's approach to internal control is the recognition of the need for risk awareness and the ownership of risk management by executives at all levels. Each operating Division has its own Board. A Statement of Group Policies sets out the responsibilities of these Divisional Boards, including authority levels, reporting disciplines and responsibility for risk management and internal control. Certain activities, including treasury, taxation, insurance and legal matters, are controlled centrally.

Risk Identification and Review

Key identified risks are reviewed at both Group and operating Divisional Board level on an ongoing basis, with a formal annual review of risks and controls supported by the Group's outsourced internal audit (controls assurance) function. The Chief Executive and Group Finance Director have regular formal meetings with each Divisional Board to review their performance, strategy and risk management. Biannual compliance statements on internal control are certified by each Divisional Board.

Financial Reporting

There is a comprehensive Group wide system of financial reporting. Each operating Division prepares an annual budget which is approved by the Board. Thereafter a formal re-forecasting exercise is undertaken at least twice during the year. Actual monthly results are monitored against budget, forecasts and the previous year's results. Any significant variances are investigated and acted upon as appropriate.

Investment Appraisal

There are clearly defined investment guidelines for capital expenditure. All such expenditure is subject to formal authorisation procedures, with major proposals being considered by the Board. Post investment appraisals are conducted for all major capital projects.

Audit Committee

The Audit Committee considers reports from management, the controls assurance specialists and the external auditors, and makes its recommendations to the Board, prior to the approval of the Annual Report.

Going Concern

After making appropriate enquiries, the directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the accounts.

Employees, Ethics and Health & Safety

The Board recognises that the Group's success depends on the quality and performance of its employees. The principles of equal opportunities are recognised in the formulation and development of employment policies which are designed to attract, retain and motivate quality staff. The Board believes in creating throughout the Group a culture based on sound ethical practices which is open, and free from discrimination and harassment.

Employees are encouraged to become involved in the financial performance of the Group: its savings-related share option scheme is open to all UK employees, of whom over 2,000 are members.

Internal communications are designed to ensure that employees throughout the Group are kept informed of developments and plans, both in their own Division and in the Group as a whole. The Group magazine 'The Reporter' is issued on a regular basis and the interim and final results are circulated throughout the business.

Training programmes are available throughout the Group for the improvement of employee performance through personal development. The Group has a central team of professional employees who provide advice, guidance and support to all operating Divisions on issues such as health and safety, insurance, data protection and disability issues. Health and safety training and audits are undertaken regularly, with an annual report to the Board.

Environment

The Group recognises that its operations impact upon the environment, and also that environmentally responsible business practices can be compatible with sound commercial practices and can contribute to the well-being of its employees. Each operating Division has set out environmental policies which reflect their activities, and which have, as their base, legal and regulatory compliance as a minimum standard. These policies are reviewed regularly to reflect changes to both legislation and best practice. The Group magazine includes regular features focusing on various aspects of these policies primarily so as to ensure that a culture of environmental awareness and responsibility is encouraged for staff at all levels.

Corporate Information

(continued)

Supplier Payment Policy

The Group does not operate a standard code in respect of payments to suppliers. Each operating Division is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including the terms of payment. It is Group policy that payments to suppliers be made in accordance with the agreed terms, provided that the supplier has performed in accordance with all relevant terms and conditions.

At the balance sheet date £102.4m (2000: £132.6m) was due by the Group to trade creditors, which represented 37 days credit (2000: 44 days). The Company does not have any trade creditors.

Donations

The Group made no political donations during the year. Donations to various charitable, community and arts organisations totalling £134,000 were made during the year, and Early Learning Centre supported the NSPCC by donations totalling £165,000 raised through product sales and in-store and staff collections.

Annual General Meeting

A separate document has been sent to all shareholders containing the Notice of Meeting and explaining the Special Business to be transacted at the Annual General Meeting on 7th September 2001.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office and resolutions proposing their re-appointment and authorising the Board to set their remuneration will be submitted at the Annual General Meeting.

By order of the Board



C A Anderson
Secretary
16th July 2001

Report on Directors' Remuneration

Remuneration Committee

The Remuneration Committee deals with the remuneration of the executive directors on behalf of the Board and shareholders. It has a formal written constitution and comprises the non-executive directors under the chairmanship of Mr G B Reed. In addition, the Chief Executive, together with the Director of Group Personnel, who is not a member of the Board, attend meetings as appropriate. The Company Secretary is secretary of the Committee.

Members of the Remuneration Committee have no personal financial interest other than, where applicable, as shareholders in the matters to be decided and no day-to-day involvement in the running of the business of the Group.

In considering and determining suitable remuneration packages for the executive directors the Remuneration Committee has given full consideration to the relevant best practice provisions set out in the Combined Code appended to the Listing Rules.

Remuneration Policy

The Group recognises that its continuing success depends on the quality and motivation of its employees. The policies followed by the Group aim to ensure that its remuneration practices are competitive, thereby enabling it to attract, retain and motivate executives and staff who are expected to perform at the highest levels. These practices are reviewed each year to ensure that they support the Group's business objectives and the creation of shareholder value. The Remuneration Committee follows these principles with regard to the executive directors, and also reviews the principles underlying the remuneration of senior executives.

The main components of the Group's remuneration packages for executive directors are:

Basic Salary and Benefits

In setting the basic salary for the executive directors, the Remuneration Committee takes account of the rates of salary being paid by companies of similar size and complexity, and independent advice is taken as required. The principal benefits-in-kind are the provision of a car, fuel and private medical and health insurance.

Performance Related Bonuses

The executive directors participate in a bonus scheme which is linked to the achievement of performance targets set by the Remuneration Committee at the start of each financial year. The maximum potential payment under the scheme is limited to 50 per cent of basic salary for the Chief Executive and to 40 per cent for the other executive directors.

Share Options

The Group believes that share ownership by executives strengthens the link between their personal interests and those of shareholders. Under the John Menzies Executive Share Option Scheme options have been granted to executive directors on a regular basis at a level determined by the Remuneration Committee. They are also subject to appropriate performance criteria at the time of each grant.

In addition the Group operates a savings-related share option scheme which all UK employees, including executive directors, are entitled to join.

Report on Directors' Remuneration

(continued)

Service Contracts

Each of the executive directors has a service contract with the Company. In May 1996 the service contracts of all the executive directors then in post were changed to provide for two instead of three years' notice. This change included a transitional provision which provided for a payment of two years' salary and benefits on any termination of their contract by the Company before May 2001. This transitional provision has now expired, and applied during the year only to Mr D J Mackay.

Mr I M Callaghan has a service contract which is terminable by the Company on two years' notice. Mr M R Smith and Mr P S Smith have service contracts which are terminable by the Company on one year's notice.

The Remuneration Committee considers that the notice periods stated above are reasonable, and in the interests of shareholders, having due regard to prevailing market conditions and practice among companies of comparable size.

Mr D J Jenkinson, who relinquished his executive responsibilities on 30th April 1999, continued as a non-executive director with additional roles under a consultancy contract which expired on 30th April 2001 and under which consultancy fees totalling £78,085 were paid during the year.

Pensions

Scheme Benefits

The executive directors are members of the Menzies Pension Fund, a defined benefit contributory scheme which provides pension on retirement at age 60 of up to two-thirds of pensionable earnings. Pensionable earnings are based on salary excluding bonuses.

Unfunded Arrangement

The pensionable salaries for Mr M R Smith and Mr P S Smith are restricted as a consequence of the Finance Act 1989 and each has an unfunded pension undertaking from the Company to provide in total the same level of pension as applicable to the other executive directors. This entitlement is effective from their date of appointment as a director.

Pension details are as follows:

Director	Age	Members' contributions £'000	Increase in accrued pension during year		Total accrued pension entitlement at 5th May 2001		Total £'000
			Scheme £'000	Unfunded £'000	Scheme £'000	Unfunded £'000	
D J Mackay	58	15	13	Nil	174	Nil	174
I M Callaghan	54	11	10	Nil	115	Nil	115
M R Smith	46	10	3	3	6	5	11
P S Smith	57	8	3	2	18	3	21

The following additional information relates to the directors' pensions:

- Normal retirement age - The normal retirement age is 60, although members may retire after the age of 50 with reduced benefits.
- Spouses and dependant's benefits - The member's pension is guaranteed for ten years from date of retiral. Thereafter, the dependant's pension is two-thirds of the member's pension before any reduction in lieu of a cash sum.
- Pension increases after retirement - Pensions in payment are increased in line with the movements in the Retail Price Index subject to a minimum of 3% per annum and a cumulative maximum of 8.5% per annum.
- Inflation - The increase in accrued pension excludes any increase for inflation.

Non-executive Directors

The remuneration of the Chairman and the non-executive directors is determined by the Board on an annual basis, within the limits contained in the Articles of Association, and takes account of market rates based on independent advice as required. They do not have service contracts nor do they participate in any of the Group's bonus or share schemes.

Following recent increases in the number of non-executive directors, the Board consider it appropriate to increase the total amount which may be paid as directors' fees to a maximum of £400,000 in any year. The proposed resolution is set out as Resolution 6 in the notice of the Annual General Meeting.

Report on Directors' Remuneration

(continued)

Directors' emoluments

	Salary/fees £'000	Bonus £'000	Benefits £'000	Total 2001 £'000	Total 2000 £'000
G B Reed	96	–	–	96	93
D J Mackay	300	150	14	464	338
I M Callaghan	217	87	13	317	263
M R Smith	190	76	14	280	187
P S Smith	163	65	15	243	126
W R E Thomson	38	–	–	38	36
D J Jenkinson	108	–	–	108	133
I C L Harrison	22	–	–	22	21
C A Ramsay	22	–	–	22	21
M J Walker	22	–	–	22	21
D A Coltman (app 1.2.01)	10	–	–	10	–
J D S Bennett (ret'd 31.7.99)	–	–	–	–	48
				1,622	1,287

Share options

Share options held by the Directors as at 5th May 2001 are analysed as follows:

Name	At 6th May 2000	Granted during year (c)	Lapsed during year	At 5th May 2001 (c)	Exercise price (pence)	Date exercisable from	Expiry date	
D J Mackay	25,000	–	–	25,000	501	27/2/98	26/2/05	
	25,000	–	–	25,000	520	1/3/99	28/2/06	
	30,000	–	–	30,000	461	21/2/00	20/2/07	
	123,000	–	–	123,000	492	7/4/01	6/4/08	
	3,186*	–	–	3,186*	304	1/10/02	1/4/03	
	18,549	–	–	18,549	391	28/1/03	27/1/10	
	–	225,563(d)	–	225,563	399	20/11/03	19/11/10	
M R Smith	84,224	–	–	84,224	407	5/10/02	4/10/09	
	2,549*	–	–	2,549*	304	1/10/02	1/4/03	
	25,000	–	–	25,000	391	28/1/03	27/1/10	
	–	47,619	–	47,619	399	20/11/03	19/11/10	
I M Callaghan	15,000	–	–	15,000	653	25/2/97	24/2/04	
	10,000	–	–	10,000	501	27/2/98	26/2/05	
	10,000	–	–	10,000	520	1/3/99	28/2/06	
	25,000	–	–	25,000	461	21/2/00	20/2/07	
	70,300	–	–	70,300	492	7/4/01	6/4/08	
	3,186*	–	–	3,186*	304	1/10/02	1/4/03	
	25,000	–	–	25,000	391	28/1/03	27/1/10	
	–	54,331	–	54,331	399	20/11/03	19/11/10	
	P S Smith	10,000	–	–	10,000	596	16/10/98	15/10/05
		5,000	–	–	5,000	520	1/3/99	28/2/06
5,000		–	–	5,000	461	21/2/00	20/2/07	
5,000		–	–	5,000	404	10/10/00	9/10/07	
15,000		–	–	15,000	492	7/4/01	6/4/08	
10,000		–	–	10,000	348	18/2/02	17/2/09	
3,186*		–	–	3,186*	304	1/10/02	1/4/03	
25,000		–	–	25,000	391	28/1/03	27/1/10	
–	40,897	–	40,897	399	20/11/03	19/11/10		
D J Jenkinson	25,000	–	25,000	–	461	30/4/99	28/8/00	
	59,000	–	–	59,000	492	30/4/99	7/10/01	

Note:

- (a) All the above options were issued under the executive share option scheme with the exception of those items marked* which have been issued under the Group's savings-related share option scheme.
- (b) The market price for shares in John Menzies plc ranged from 345p to 452p during the year, and was 433p at 5th May 2001.
- (c) All options granted during the year are subject to the performance condition that growth in Headline Earnings per Share for the three years commencing 7th May 2000 is equal to or greater than 6% above the level of the UK Retail Prices Index, failing which the options will then lapse.
- (d) The Remuneration Committee made an exceptional award of options to Mr Mackay during the year, in recognition of his work in the strategic repositioning of the Group which should lead to increased growth for the benefit of shareholders. The Committee also took into account that his normal retirement date will occur in 2003, and that under the rules of the scheme no further options may therefore be granted to him. Any outstanding options held by him at the date of his retirement will have to be exercised within 12 months of that date.
- (e) No options were exercised during the year.

Directors' Shareholdings

The interests, all ordinary shares, of the directors in the share capital of the Company at 5th May 2001 and 6th May 2000 were as follows:

		2001	2000
G B Reed	Beneficial	8,650	8,650
D J Mackay	Beneficial	16,651	14,728
D J Jenkinson	Beneficial	3,013,706	3,013,706
		2,640,539*	2,640,539*
	Non-beneficial	3,570,360	5,508,360
W R E Thomson	Beneficial	2,000	2,000
I C L Harrison	Beneficial	2,786,832	2,786,832
		2,640,539*	2,640,539*
	Non-beneficial	82,350	82,350
C A Ramsay	Beneficial	1,991,867	1,991,867
	Non-beneficial	514,303	514,303
M J Walker	Beneficial	1,000	1,000
I M Callaghan	Beneficial	6,884	6,884
M R Smith	Beneficial	3,000	3,000
P S Smith	Beneficial	9,315	315
D A Coltman		-	-

* Joint beneficial interests.

There have been no subsequent changes to these interests as at 16th July 2001.

Directors' Responsibilities in respect of the preparation of accounts

The directors are required by law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and cash flows of the Group for the financial year then ended.

In preparing the accounts the directors are required to:

- Maintain adequate accounting records;
- Apply suitable accounting policies in a consistent manner and make reasonable and prudent judgements and estimates where necessary;
- Comply with the provisions of the Companies Act 1985 and all applicable accounting standards;
- Prepare the accounts on a going concern basis.

The directors confirm that these accounts comply with these requirements. The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The maintenance and integrity of the John Menzies plc website is the responsibility of the Directors; the work carried out by the Auditors does not have consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors' Report to the Members of John Menzies plc

We have audited the financial statements which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Annual Report and the financial statements, in accordance with applicable United Kingdom law and accounting standards, are set out in the Statement of Directors' Responsibilities. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the Corporate Information Report reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 5th May 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Edinburgh
16th July 2001

Group Profit and Loss Account

for the 52 weeks ended 5th May 2001 (2000: 53 weeks ended 6th May)

	Notes	Before exceptional items £m	Exceptional items (Note 5) £m	Total 2001 £m	Before exceptional items £m	Exceptional items (Note 5) £m	Total 2000 £m
Turnover	2						
Continuing operations		1,128.6	–	1,128.6	1,091.8	–	1,091.8
Acquisitions		61.0	–	61.0	–	–	–
Discontinued operations		141.8	–	141.8	304.0	–	304.0
		1,331.4	–	1,331.4	1,395.8	–	1,395.8
Less share of:							
Joint ventures							
– continuing		(8.3)	–	(8.3)	(7.0)	–	(7.0)
– acquisitions		(2.3)	–	(2.3)	–	–	–
Associates							
– continuing		(20.4)	–	(20.4)	(11.4)	–	(11.4)
– acquisitions		(12.3)	–	(12.3)	–	–	–
– discontinued		–	–	–	(79.3)	–	(79.3)
Group turnover		1,288.1	–	1,288.1	1,298.1	–	1,298.1
Net operating costs	3	(1,240.7)	(9.5)	(1,250.2)	(1,270.4)	(10.5)	(1,280.9)
Continuing operations		27.6	(9.5)	18.1	27.0	(7.3)	19.7
Acquisitions		(1.4)	–	(1.4)	–	–	–
Discontinued operations		21.2	–	21.2	0.7	(3.2)	(2.5)
Group operating profit/(loss)		47.4	(9.5)	37.9	27.7	(10.5)	17.2
Share of operating profit/(loss) in							
Joint ventures							
– continuing		(0.1)	–	(0.1)	0.9	(0.5)	0.4
– acquisitions		0.3	–	0.3	–	–	–
Associates							
– continuing		–	–	–	(0.2)	–	(0.2)
– acquisitions		2.3	–	2.3	–	–	–
– discontinued		–	–	–	5.5	–	5.5
Total operating profit/(loss)	2	49.9	(9.5)	40.4	33.9	(11.0)	22.9
Gain on disposal of fixed assets	5	–	2.5	2.5	–	12.7	12.7
(Loss)/gain on disposal of businesses	5	–	(27.8)	(27.8)	–	0.3	0.3
Profit/(loss) on ordinary activities before interest		49.9	(34.8)	15.1	33.9	2.0	35.9
Net interest payable	7	–	–	–	(2.6)	–	(2.6)
Profit/(loss) on ordinary activities before taxation		49.9	(34.8)	15.1	31.3	2.0	33.3
Taxation	8	(14.5)	3.0	(11.5)	(8.8)	4.0	(4.8)
Profit/(loss) after taxation		35.4	(31.8)	3.6	22.5	6.0	28.5
Minority interests	22	(0.3)	–	(0.3)	–	–	–
Profit/(loss) for the financial year		35.1	(31.8)	3.3	22.5	6.0	28.5
Dividends (including non-equity)	9	(12.0)	–	(12.0)	(11.4)	–	(11.4)
Retained profit/(loss) for the financial year		23.1	(31.8)	(8.7)	11.1	6.0	17.1
Earnings per ordinary share							
Headline	10	62.8p			37.9p		
FRS 3	10			2.7p			48.0p
Headline/FRS 3 diluted	10	62.8p		2.7p	37.9p		48.0p

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 5th May 2001 (2000: 53 weeks ended 6th May)

	2001 £m	2000 £m
Profit for the financial year	3.3	28.5
Currency translation effect on overseas net investments	2.1	–
Total recognised gains	5.4	28.5

Group and Company Balance Sheets

as at 5th May 2001 (2000: 6th May)

	Notes	Group		Company		
		£m	2001 £m	2000 £m	2001 £m	2000 £m
Fixed assets						
Intangible assets	11	17.3		8.0	–	–
Tangible assets	12	124.4		100.6	5.0	5.8
Investments	13					
– joint ventures						
Goodwill		10.7		0.4	–	–
Share of gross assets		3.0		1.7	–	–
Share of gross liabilities		(2.3)		(1.7)	–	–
Shareholder loan notes		0.4		0.4	–	–
		11.8		0.8	–	–
– associates		43.9		1.8	–	–
– subsidiaries		–		–	128.2	51.3
Total investments		55.7		2.6	128.2	51.3
		197.4		111.2	133.2	57.1
Current assets						
Stocks		30.3		58.1	–	–
Debtors – amounts due after more than one year	14	45.3		40.3	42.5	42.6
– amounts due within one year	14	99.7		107.3	70.6	73.0
Cash at bank and in hand	16	58.8		80.9	0.8	1.2
		234.1		286.6	113.9	116.8
Creditors: amounts falling due within one year						
Bank loans and overdrafts	16	(12.1)		(1.1)	(10.9)	–
Other	15	(181.1)		(198.6)	(81.5)	(80.1)
Net current assets		40.9		86.9	21.5	36.7
Total assets less current liabilities		238.3		198.1	154.7	93.8
Creditors: amounts falling due after more than one year						
Loans and other borrowings	16	(70.5)		(35.1)	(70.2)	(34.8)
Other	15	(4.3)		(5.9)	–	–
Provision for liabilities and charges						
Deferred taxation	19	(11.7)		(11.2)	–	–
Other	19	(9.0)		(9.7)	–	–
Net assets		142.8		136.2	84.5	59.0
Capital and reserves						
Called up share capital	20	14.1		14.1	14.1	14.1
Share premium account	20	4.0		3.8	4.0	3.8
Reserves						
Profit and loss account	21	93.5		89.7	43.4	18.1
Other reserves	21	3.6		1.4	1.6	1.6
Equity shareholders' funds		115.2		109.0	63.1	37.6
Non-equity share capital	20	21.4		21.4	21.4	21.4
Shareholders' funds		136.6		130.4	84.5	59.0
Minority interests	22	6.2		5.8	–	–
		142.8		136.2	84.5	59.0

The accounts were approved by the Board of Directors on 16th July 2001 and signed on its behalf by:
David Mackay, Chief Executive

Martyn Smith, Group Finance Director

Group Cash Flow Statement

for the 52 weeks ended 5th May 2001 (2000: 53 weeks ended 6th May)

	Notes	£m	2001 £m	£m	2000 £m
Net cash inflow from continuing operations			31.0		43.2
Net cash inflow/(outflow) from discontinued operations			19.6		(9.4)
Net cash inflow from operating activities	24a		50.6		33.8
Dividends from joint ventures and associates – continuing			2.1		–
– discontinued			–		3.0
Returns on investments and servicing of finance					
Interest received		5.4		1.9	
Interest paid		(4.4)		(4.6)	
Preference dividend paid		(1.8)		(1.8)	
Minority interest dividends		(0.2)		–	
Net cash outflow from returns on investments and servicing of finance			(1.0)		(4.5)
Tax paid			(3.4)		(0.2)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(23.0)		(19.0)	
Sale of tangible fixed assets		2.1		7.6	
Employee share ownership advances		(0.1)		(0.1)	
Net cash outflow from capital expenditure and financial investment			(21.0)		(11.5)
Acquisitions and disposals					
Investment in joint ventures and associates		(51.8)		(5.7)	
Disposal of associate		–		43.6	
Disposal of investment		–		2.2	
Purchase of subsidiaries		(43.0)		(12.9)	
Net cash acquired with subsidiaries		8.1		2.0	
Disposal of subsidiaries		0.8		2.2	
Net cash (outflow)/inflow from acquisitions and disposals			(85.9)		31.4
Equity dividends paid			(9.8)		(8.9)
Management of liquid resources					
Increase in short term deposits		(3.3)		(20.1)	
Net cash outflow from management of liquid resources			(3.3)		(20.1)
Net cash (outflow)/inflow before financing			(71.7)		23.0
Financing					
Proceeds from shares issued		0.2		0.3	
Finance leases		(0.3)		(0.7)	
Unsecured loans advanced		–		0.8	
Loan stock redeemed		–		(0.7)	
Increase in loans		41.1		–	
Net cash inflow/(outflow) from financing			41.0		(0.3)
(Decrease)/increase in cash in the year	24b,c		(30.7)		22.7

Notes on Accounts

1 Accounting policies

Accounting convention and presentation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. There were no material differences between reported profits and historical profits on ordinary activities of the Group before and after taxation. In accordance with Section 230 of the Companies Act 1985 no profit and loss account is presented for the Company. A summary of the more important accounting policies, which have been consistently applied, is given below.

Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal. The accounting year end of Ogden Ground Services is 31st December. The accounts which precede the Group's year end, as adjusted for transactions in the intervening period, are consolidated.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, including acquisition expenses, less accumulated depreciation. Depreciation is provided on a straight line basis at the following rates:

Freehold and long leasehold properties	–	over 50 years.
Short leasehold properties	–	over the remaining lease term.
Fixtures, fittings and equipment	–	over 4 to 17 years according to the estimated life of the asset.

Stocks

Stocks, being goods for resale, are stated at the lower of cost and net realisable value.

Pensions

The cost of providing retirement benefits in the Group defined benefit scheme is charged to the profit and loss account over the period of the relevant employee's service. Variations identified at each actuarial valuation date are spread over the average remaining service lives of members. Pension costs are assessed in accordance with the advice of qualified actuaries. With regard to defined contribution schemes and a non-Group defined benefit scheme, in which the Group participates, the profit and loss charge represents the contributions made.

Deferred taxation

Provision is made for deferred taxation where such taxation is expected to crystallise in the foreseeable future.

Goodwill

Goodwill, representing the excess of purchase consideration over the fair value of net assets acquired, is capitalised and amortised over its useful life. Goodwill arising on acquisitions prior to April 1998 (Note 21) has been set off directly against reserves in line with the provisions of FRS 10.

Foreign currencies

Foreign currency assets and liabilities of the Group are translated at the rates of exchange ruling at the balance sheet date. The trading results of overseas subsidiaries, joint ventures and associates are translated at the average exchange rate ruling during the year, with the adjustment between average rates and the rates ruling at the balance sheet date being taken to reserves.

Any differences arising on the translation of the opening net investment, including goodwill, in overseas subsidiaries, joint ventures and associates, and of applicable foreign currency loans, are dealt with as adjustments to reserves. All other exchange differences are dealt with in the profit and loss account.

Foreign currency contracts are accounted for as hedges and matched with the accounting treatment of the relevant hedged item.

Leases

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over their useful lives or over the lease term, whichever is shorter. The interest element of the rental obligations is charged to the profit and loss account as incurred.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over applicable lease periods.

2 Segmental analysis

	Turnover		Profit/(Loss)		Net Assets	
	2001 £m	2000 £m	2001 £m	2000 £m	2001 £m	2000 £m
By class of business						
Distribution Services	866.8	856.7	26.3	30.0	10.9	16.2
Aviation Services	157.8	76.8	4.3	2.2	138.2	40.3
Logistics Support Services	1,024.6	933.5	30.6	32.2	149.1	56.5
Retail	165.0	158.3	1.7	(2.0)	26.8	26.9
	1,189.6	1,091.8	32.3	30.2	175.9	83.4
Corporate and central services	-	-	(6.9)	(7.1)	-	-
Pension credit/prepayment	-	-	5.0	5.0	41.7	36.7
Continuing operations	1,189.6	1,091.8	30.4	28.1	217.6	120.1
Goodwill amortisation	-	-	(1.7)	(0.4)	-	-
Discontinued operations	141.8	304.0	21.2	6.2	(5.5)	6.6
	1,331.4	1,395.8	49.9	33.9	212.1	126.7
Reconciliation of net assets:						
Net (debt)/cash					(24.2)	44.0
Unallocated net liabilities					(45.1)	(34.5)
Net assets					142.8	136.2
By geographical origin						
United Kingdom	1,128.8	1,090.0	27.3	28.0	119.4	118.4
Continental Europe	20.2	-	(0.4)	-	19.6	-
Americas	30.5	-	2.5	-	55.4	-
Rest of World	10.1	1.8	(0.7)	(0.3)	23.2	1.7
Continuing operations	1,189.6	1,091.8	28.7	27.7	217.6	120.1
Discontinued operations – United Kingdom	141.8	224.7	21.2	0.7	(5.5)	6.6
Discontinued operations – Continental Europe	-	79.3	-	5.5	-	-
	1,331.4	1,395.8	49.9	33.9	212.1	126.7
Joint Ventures and Associates included above						
	2001 £m	2000 £m	2001 £m	2000 £m	2001 £m	2000 £m
Distribution Services						
Joint ventures	8.3	-	(0.1)	-	0.8	0.8
Associates	14.3	9.2	-	-	0.8	0.8
Aviation Services						
Joint ventures	2.3	7.0	0.5	0.9	11.0	-
Associates	18.4	2.2	3.0	(0.2)	43.1	1.0
Logistics Support Services	43.3	18.4	3.4	0.7	55.7	2.6
Goodwill amortisation	-	-	(0.9)	-	-	-
Discontinued associate	-	79.3	-	5.5	-	-
	43.3	97.7	2.5	6.2	55.7	2.6
By geographical origin						
United Kingdom	28.7	18.4	(0.1)	0.7	7.3	2.6
Continental Europe	8.5	-	0.9	-	7.7	-
Americas	2.3	-	0.3	-	10.7	-
Rest of World	3.8	-	1.4	-	30.0	-
Continuing	43.3	18.4	2.5	0.7	55.7	2.6
Discontinued associate – Continental Europe	-	79.3	-	5.5	-	-
	43.3	97.7	2.5	6.2	55.7	2.6

Turnover by geographical origin and geographical destination do not materially differ.

Goodwill amortisation is attributable to Aviation Services.

Discontinued operations comprise THE (sold in August 2000), THE Games (closed in 2001) and SUOS BV (associate sold in March 2000).

3 Net operating costs

	Continuing £m	Discontinued £m	2001 £m	Continuing £m	Discontinued £m	2000 £m
Goods for resale and consumables	902.5	114.6	1,017.1	903.6	209.0	1,112.6
Other operating charges	59.7	0.9	60.6	35.3	2.7	38.0
Employment costs (Note 4)	141.4	4.7	146.1	93.9	10.4	104.3
Goodwill amortisation (Note 11)	0.8	-	0.8	0.4	-	0.4
Depreciation (Note 12)	15.7	0.4	16.1	13.2	1.9	15.1
Exceptional items (Note 5)	9.5	-	9.5	7.3	3.2	10.5
	1,129.6	120.6	1,250.2	1,053.7	227.2	1,280.9
Other operating charges include:						
Hire charges – plant and machinery	4.7	-	4.7	3.4	0.2	3.6
Rent of properties	34.2	0.6	34.8	27.2	1.2	28.4
During the year PricewaterhouseCoopers earned the following fees:						
Statutory UK audit			0.4			0.4
Due diligence and Reporting Accountants work:						
– United Kingdom			0.8			0.4
– Rest of World			0.5			-
Consultancy services			0.2			-

The auditor's remuneration for the parent company was £15,000 (2000: £10,000).

4 Employees

	2001 £m	2000 £m
Wages and salaries	138.3	101.3
Social security costs	12.0	8.0
	150.3	109.3
Pension credit (net)	(4.2)	(5.0)
	146.1	104.3
The average number of employees during the year was:		
	2001 number	2000 number
Distribution Services	4,100	4,789
Aviation Services	4,477	988
Retail	1,871	1,831
Corporate and central services	69	72
	10,517	7,680

The numbers above include 2,615 full time equivalent persons employed outside the UK (2000: 78).

4 Employees (continued)

Pension credit

Group subsidiaries operate a number of pension schemes throughout the world. With regard to the principal Group defined benefit scheme in the UK (the Menzies Pension Fund) the charge to the profit and loss account is assessed in accordance with independent actuarial advice from Aon Consulting using the projected unit method. The profit and loss charge for defined contribution schemes represents the contributions made. A subsidiary company participates in the UK defined benefit scheme of Deutsche Lufthansa AG, and accordingly the profit and loss charge is the contributions made.

The credit is analysed as follows:

	2001 £m	2000 £m
Principal scheme		
Regular pension cost	3.8	4.0
Interest on balance sheet prepayment	(2.8)	(2.2)
Amortisation of, and interest on, additional surplus	(6.0)	(6.8)
Movement on balance sheet prepayment	(5.0)	(5.0)
Other schemes	0.8	-
	(4.2)	(5.0)

In respect of the Menzies Pension Fund, Aon Consulting prepared a valuation update as at 30th April 2001 when the market value of the scheme's assets was £167.7m. The actuarial value represents 185% (2000: 177%) of the value of the benefits that had accrued to members, yielding a surplus of £77.1m.

Interest on the balance sheet prepayment is calculated using a market related rate of investment return of 7.75%. The additional surplus over the balance sheet prepayment, which also earns interest at this rate, is amortised on a straight line basis over the remaining service lives of the current members. The principal long term assumptions used in the actuarial valuations to determine the valuation results were:

	%
Rate of return on investments	7.75
Rate of increase in salaries	3.0
Rate of increase in pensions	3.25

In view of the substantial surplus no employer contributions were payable in 2001 and 2000.

5 Exceptional items

	Notes	2001 £m	2000 £m
Exceptional operating expenses:			
Aviation Services	a	(6.0)	(0.5)
Distribution Services	b	(3.5)	(4.9)
Retail restructuring		-	(2.4)
Discontinued fixed asset impairment		-	(3.2)
Total exceptional operating expenses		(9.5)	(11.0)
Non-operating exceptional items:			
Net profit on disposal of fixed assets	c	2.5	12.7
Net (loss)/profit on disposals of businesses	d	(27.8)	0.3
Total non-operating exceptional items		(25.3)	13.0
Total exceptional items		(34.8)	2.0

a 2001: Cost of integrating Ogden Ground Services - £3.6m and abortive transaction costs - £2.4m.

2000: Group share of London Cargo Centre restructuring costs in 2000 was £0.5m.

b 2001: Provision in respect of an investment in an internet magazine subscription service - £3.5m.

2000: The £4.9m cost of restructuring Distribution Services operations primarily related to asset write downs, property costs and related staff costs.

c 2001: Gain of £2.5m realised on a fixed asset investment in a subsidiary sold in an earlier year.

2000: Gain of £3.7m arising on the sale of the freehold interest in Hanover Buildings, Edinburgh in September 1999.

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.

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

d 2001: On 11th August 2000 THE was sold at a loss of £26.4m, after writing off goodwill of £12.5m previously charged to reserves (Note 21).

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

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

6 Directors

A detailed analysis of Directors' remuneration, together with shareholdings and options, is provided in the Report of the Remuneration Committee on pages 27 to 32.

7 Interest

	2001 £m	2000 £m
Payable:		
Bank loans and overdrafts	5.5	3.9
Finance leases	-	0.1
Associates	0.1	0.5
	5.6	4.5
Receivable	(5.6)	(1.9)
Net interest payable	-	2.6

8 Taxation

	2001 £m	2000 £m
UK corporation tax at 30%	10.9	4.5
Overseas tax	1.1	–
Deferred tax – charge/(credit)	0.7	(0.3)
Adjustments to prior year liabilities		
– corporation tax	(2.0)	(1.5)
– deferred tax	(0.3)	0.4
Joint ventures	0.2	–
Associates	0.9	1.7
	11.5	4.8

The tax charge includes a credit of £3.0m (2000: £4.0m) in respect of exceptional items.

9 Dividends

	2001 £m	2000 £m
Dividends on equity shares:		
Ordinary – Interim paid, 5.5p (2000: 5.0p) per share	3.1	2.8
– Final proposed, 12.6p (2000: 12.1p) per share	7.1	6.8
Dividends on non-equity shares:		
Preference shares	1.8	1.8
	12.0	11.4

Dividends of £0.1m (2000: £0.1m) were waived by Trusts (Note 14) during the year.

10 Earnings per share

	Headline		Post exceptional items	
	2001 £m	2000 £m	2001 £m	2000 £m
Operating profit	49.9	33.9	49.9	33.9
add back: goodwill amortisation	1.7	0.4	–	–
Interest	–	(2.6)	–	(2.6)
Exceptional items	–	–	(34.8)	2.0
Profit before taxation	51.6	31.7	15.1	33.3
Taxation	(14.5)	(8.8)	(11.5)	(4.8)
Minority interests	(0.3)	–	(0.3)	–
Preference dividends	(1.8)	(1.8)	(1.8)	(1.8)
Earnings for the year	35.0	21.1	1.5	26.7

Headline

Earnings per ordinary share (pence)	62.8	37.9
Diluted earnings per ordinary share (pence)	62.8	37.9

FRS 3

Earnings per ordinary share (pence)	2.7	48.0
Diluted earnings per ordinary share (pence)	2.7	48.0

Number of ordinary shares in issue (millions)

Weighted average	55.705	55.625
Diluted weighted average	55.745	55.645

In line with growing practice Headline earnings is now computed before deducting goodwill amortisation. The comparative figures have been restated accordingly.

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts (Note 14). The diluted weighted average is calculated by adjusting for all outstanding share options, which are dilutive potential ordinary shares.

11 Intangible assets – goodwill

	Joint ventures £m	Associates £m	Subsidiaries £m	Total £m
Cost				
At 6th May 2000	0.4	0.8	8.4	9.6
Acquisitions (Note 25)	10.0	31.6	9.8	51.4
Currency translation effect	0.5	1.3	0.3	2.1
At 5th May 2001	10.9	33.7	18.5	63.1
Amortisation				
At 6th May 2000	–	–	0.4	0.4
Charge for the year	0.2	0.7	0.8	1.7
At 5th May 2001	0.2	0.7	1.2	2.1
Net book value				
At 5th May 2001	10.7	33.0	17.3	61.0
At 6th May 2000	0.4	0.8	8.0	9.2

Goodwill is amortised over 20 years.

12 Fixed assets – tangible assets

	Group					Company			
	Free- hold £m	Long lease- hold £m	Short lease- hold £m	Fixtures and fittings £m	Total £m	Free- hold £m	Long lease- hold £m	Short lease- hold £m	Total £m
Cost									
At 6th May 2000	27.5	14.0	17.0	117.1	175.6	6.3	0.1	0.4	6.8
Acquisitions	0.3	–	5.6	14.9	20.8	–	–	–	–
Currency translation effect	–	–	0.2	(0.1)	0.1	–	–	–	–
Additions	5.0	0.3	2.6	15.0	22.9	–	–	0.4	0.4
Transfers	(1.1)	–	–	1.1	–	–	–	(0.5)	(0.5)
Disposals	(0.8)	–	(0.8)	(14.0)	(15.6)	(0.7)	–	–	(0.7)
At 5th May 2001	30.9	14.3	24.6	134.0	203.8	5.6	0.1	0.3	6.0
Depreciation									
At 6th May 2000	2.0	0.1	6.7	66.2	75.0	0.8	–	0.2	1.0
Charge for the year	0.6	–	2.1	13.4	16.1	0.1	–	–	0.1
Disposals	(0.1)	–	(0.2)	(11.4)	(11.7)	(0.1)	–	–	(0.1)
At 5th May 2001	2.5	0.1	8.6	68.2	79.4	0.8	–	0.2	1.0
Net book value									
At 5th May 2001	28.4	14.2	16.0	65.8	124.4	4.8	0.1	0.1	5.0
At 6th May 2000	25.5	13.9	10.3	50.9	100.6	5.5	0.1	0.2	5.8

At 5th May 2001 the net book value of fixed assets acquired under finance leases amounted to £0.5m (2000: £0.7m). The depreciation charge for the year was £0.2m (2000: £0.9m).

13 Fixed assets – investments

	Group						Company
	Shares in joint ventures £m	Loans to joint ventures £m	Shares in associates £m	Loans to associates £m	Other £m	Total £m	Subsidiaries £m
At 6th May 2000	0.4	0.4	1.8	–	–	2.6	51.3
New investments	0.8	–	8.5	1.3	2.5	13.1	77.1
Exceptional provision (Note 5)	–	–	–	–	(2.5)	(2.5)	–
Disposals	–	–	(0.1)	–	–	(0.1)	(0.2)
Share of profits after tax	–	–	1.3	–	–	1.3	–
Dividends received	(0.3)	–	(1.8)	–	–	(2.1)	–
	0.9	0.4	9.7	1.3	–	12.3	128.2
Goodwill additions (Note 11)	10.0	–	31.6	–	–	41.6	–
Currency translation effect	0.5	–	1.3	–	–	1.8	–
At 5th May 2001	11.4	0.4	42.6	1.3	–	55.7	128.2

Joint ventures

On 20th November 2000, as part of the Ogden Ground Services acquisition, the Group acquired a 50% interest in the ordinary share capital of Ogden & Talma Aviation Services of Peru SA. Attributable consideration was £10.5m and the fair value of the net assets acquired was £0.5m, giving rise to goodwill of £10.0m.

On 9th March 2001 the Group acquired 33.3% of Eurobip, a border inspection post facility at London Heathrow, for £0.3m.

The Group holds a 50% interest in the ordinary share capital of Dolphin International Freight Services (UK) Ltd.

Associates

On 29th September 2000 the Group acquired a 49% interest in the ordinary share capital of GlobeGround (UK) Ltd. Attributable consideration was £2.8m and the fair value of the net assets acquired was £0.4m, giving rise to goodwill of £2.4m. The Group also subscribed £1.3m of interest bearing loan notes at par in cash.

On 20th November 2000, as part of the Ogden Ground Services acquisition, the Group acquired a 29% interest in the ordinary share capital of MASC-Ogden Aviation Services (Macau) Ltd. Attributable consideration was £29.7m and the fair value of the net assets acquired was £4.5m, giving rise to goodwill of £25.2m.

On 16th February 2001 the Group exercised a call option to acquire Ogden Corporation's 49% interest in the ordinary share capital of Aeroporti di Roma Handling SpA. Attributable consideration was £7.2m and the fair value of the net assets acquired was £3.2m, giving rise to goodwill of £4.0m.

The Group holds a 30% interest in the ordinary share capital of Focus Magazine Distribution Ltd and a 33.3% interest in the ordinary share capital of TC Cox and Son (Tonbridge) Ltd.

Subsidiaries

On 22nd September 2000 John Menzies plc subscribed for Discounted Convertible Unsecured Loan Stock due 2030 issued by Menzies Aviation Group plc. The principal amount of the loan stock is £75m and the cost to the company was £62.9m. During the year discount of £3.3m has been added to the cost of the investment.

In addition John Menzies plc invested a net amount of £10.9m in subsidiaries.

The funds invested were used by Menzies Aviation Group plc to fund the acquisition of Ogden Ground Services.

14 Debtors

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Due within one year				
Trade debtors	76.9	85.7	–	–
Other debtors	10.0	10.8	0.9	–
Prepayments and accrued income	12.8	10.8	1.7	–
Amounts owed by Group companies	–	–	68.0	73.0
	99.7	107.3	70.6	73.0
Due after more than one year				
Own shares held	3.6	3.6	–	–
Pension prepayment (Note 4)	41.7	36.7	–	–
Amounts owed by Group companies	–	–	42.5	42.6
	45.3	40.3	42.5	42.6

Own shares held

The Company's ordinary shares are held in trust and are treated as assets of the Company held for an employee share scheme. The trusts are funded by loans from a Group subsidiary. At 5th May 2001 the trusts held 797,770 (2000: 807,770) shares with a market value of £3,454,344 (2000: £2,827,195).

15 Creditors

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Due within one year				
Trade creditors	102.4	132.6	–	–
Accruals and deferred income	51.5	44.7	5.3	4.4
Corporation tax	13.4	6.2	–	–
Other taxes and social security costs	5.6	6.9	–	–
Dividends	7.8	7.5	7.8	7.5
Unsecured loan stock	0.1	0.1	–	–
Obligations under finance leases	0.3	0.6	–	–
Amounts owed to Group companies	–	–	68.4	68.2
	181.1	198.6	81.5	80.1
Due after more than one year				
Accruals and deferred income	4.3	5.9	–	–
	4.3	5.9	–	–

16 Financial instruments

An outline of the objectives, policies and strategies pursued by the Group in relation to financial instruments is provided within the Financial Review on page 16.

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Maturity profile				
Borrowings due within one year:				
Bank loans and overdrafts	12.1	1.1	10.9	-
Finance leases	0.3	0.6	-	-
Unsecured loan stock	0.1	0.1	-	-
Total borrowings due within one year	12.5	1.8	10.9	-
Borrowings due after one year:				
Loans repayable between one and two years	6.7	0.3	6.4	-
Loans repayable between two and five years	19.3	-	19.3	-
Loans repayable after five years	44.5	34.8	44.5	34.8
Total borrowings due after one year	70.5	35.1	70.2	34.8
Total borrowings	83.0	36.9	81.1	34.8
Cash at bank and in hand	(58.8)	(80.9)	(0.8)	(1.2)
Net debt/(cash)	24.2	(44.0)	80.3	33.6

Other than trade debtors and creditors there are no financial assets or liabilities excluded from the above analysis.

No financial assets or liabilities were held or issued for trading purposes.

Borrowing facilities

At 5th May 2001, the Group had undrawn committed facilities of £40.8m (2000: £45.1m) with the following expiry profile:

	2001 £m	2000 £m
Less than one year	31.9	35.1
Between two and five years	8.9	10.0
	40.8	45.1

In addition to these undrawn committed facilities, the Group has undrawn uncommitted facilities totalling £2.0m (2000: £7.0m).

16 Financial instruments (continued)

Fair values and hedges

Set out below is an analysis of the fair and book value of the Group's financial instruments as at 5th May 2001.

	2001 Book value £m	2001 Fair value £m	2000 Book value £m	2000 Fair value £m
Primary financial instruments held or issued to finance the Group's operations:				
Cash and deposits	(58.8)	(58.8)	(80.9)	(80.9)
Short term borrowings	12.2	12.2	1.2	1.2
Finance leases	0.3	0.3	0.9	0.9
Medium term borrowings	26.0	26.0	-	-
Long term borrowings	44.5	44.5	34.8	34.8
Derivative financial instruments held to manage interest rate profile and currency transaction exposure:				
Interest rate caps	-	-	0.1	-
Currency options	-	-	1.0	0.9
Forward foreign exchange contracts	-	1.0	-	2.9

The fair values of the interest rate caps, currency options and forward foreign exchange contracts have been determined by reference to quoted market prices.

The fair value of provisions, preference shares and other financial liabilities are not considered to be materially different from their book value.

Gains on hedges

Unrecognised gains on instruments used for hedging, and the movements therein, are as follows:

	Gains £m
Unrecognised gains on hedges arising before 6th May 2000 that were not recognised by 6th May 2000	2.9
Gains arising in the year to 5th May 2001 that were not recognised in the year	1.0
Gains recognised in this year's profit and loss account that arose in previous years and were unrecognised at 6th May 2000	(2.9)
Unrecognised gains on hedges as at 5th May 2001	1.0
Of which:	
Gains expected to be recognised in the year ending 4th May 2002	1.0

16 Financial instruments (continued)

Interest rate and currency risk profile of financial assets and liabilities

Financial assets and liabilities

The interest rate and currency profile of the Group's financial assets (excluding trade debtors and trade creditors) at 5th May 2001 is shown below.

Currency	Floating rate financial assets £m	Fixed rate financial assets £m	Total financial assets £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total financial liabilities £m
Sterling	40.4	7.4	47.8	6.4	34.8	41.2
US dollar	6.1	–	6.1	41.8	–	41.8
Canadian dollar	0.2	–	0.2	–	–	–
Hong Kong dollar	0.1	0.3	0.4	–	–	–
Dutch guilder	0.3	1.0	1.3	–	–	–
New Zealand dollar	0.5	–	0.5	–	–	–
Brazilian real	0.5	–	0.5	–	–	–
Mexican peso	0.1	–	0.1	–	–	–
Irish punt	0.1	0.2	0.3	–	–	–
Other	–	1.6	1.6	–	–	–
	48.3	10.5	58.8	48.2	34.8	83.0

The floating rate assets of £48.3m (2000: £60.8m) are at interest rates linked to Base rates and LIBID. The fixed rate assets of £10.5m (2000: £20.1m) are at interest rates based on 2 month LIBID.

Floating rate financial liabilities of £48.2m (2000: £2.1m) comprise bank loans and overdrafts, finance leases and unsecured loan stock. Interest on these liabilities is determined by reference to short term rates linked to LIBOR.

Fixed rate financial liabilities comprise loans repayable after five years of £34.8m (2000: £34.8m) on which interest is at a fixed rate of 7.362%. These loans are repayable from 2007 to 2009.

17 Operating lease commitments

	Group		Company	
	Property £m	Other £m	Property £m	Other £m
Annual commitments in respect of leases which expire:				
within one year	1.7	0.4	–	–
between one and five years	9.5	3.2	–	–
after five years	28.0	–	–	–
	39.2	3.6	–	–

18 Capital commitments

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Contracted but not provided	9.3	5.1	–	–

19 Provisions for liabilities and charges

	Group	
	2001 £m	2000 £m
Deferred taxation		
Provided:		
Accelerated capital allowances and other timing differences	(0.8)	0.2
Pension prepayment	12.5	11.0
	11.7	11.2
Movement in year:		
Profit and loss charge (Note 8)	0.4	0.1
Acquisitions (Note 25)	0.1	0.2
	0.5	0.3
Other		Property related £m
At 6th May 2000		9.7
Utilised during year		(0.7)
At 5th May 2001		9.0

The property provision is in respect of obligations for vacated leasehold properties where applicable sublet income may be insufficient to meet obligations under head leases.

Contingent liabilities

Nintendo and certain of its present and previous European distributors are currently under investigation by the European Commission for alleged restriction of cross-border trading in Nintendo products, with a formal Statement of Objections having been issued on 26th April 2000. The Group was the exclusive distributor of such product in the UK and the Republic of Ireland at the relevant time. It remains the opinion of the directors that it is too early at this stage to form a clear view on the extent of any liability which may result from this action.

There were other contingent liabilities, including those in respect of disposed businesses, which are not expected to give rise to any significant loss to the Group. In addition, in the normal course of business the Company has guaranteed certain trading obligations of its subsidiaries.

20 Share capital

	2001 £m	2000 £m
Authorised		
73,056,248 Ordinary shares of 25p each	18.3	18.3
20,000,000 8.58% Cumulative redeemable preference shares of £1 each, redeemable at par on 20th June 2003	20.0	20.0
1,735,938 9% Cumulative preference shares of £1 each	1.7	1.7
	40.0	40.0
Issued		
56,551,626 Ordinary shares of 25p each, fully paid (2000: 56,488,366 shares)	14.1	14.1
20,000,000 8.58% Cumulative redeemable preference shares of £1 each, fully paid, redeemable at par on 20th June 2003	20.0	20.0
1,394,587 9% Cumulative preference shares of £1 each, fully paid (2000: 1,394,587 shares)	1.4	1.4
	35.5	35.5

63,260 Ordinary shares having a nominal value of £15,815 were issued during the year, as a result of options exercised, at a share premium of £0.2m.

At 5th May 2001 options granted and outstanding under the Company's executive share option schemes amounted to 2,797,432 ordinary shares (2000: 2,610,460). These options are exercisable at varying dates up to 29th January 2011 and at prices varying from 334p to 653p per share.

21 Reserves

	Currency reserve £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
Group				
At 6th May 2000	(0.2)	1.6	89.7	91.1
Movement during the year	2.2	–	–	2.2
Profit for the year	–	–	3.3	3.3
Dividends	–	–	(12.0)	(12.0)
Goodwill previously written off to reserves	–	–	12.5	12.5
At 5th May 2001	2.0	1.6	93.5	97.1
Company				
At 6th May 2000	–	1.6	18.1	19.7
Loss for the year	–	–	(4.4)	(4.4)
Dividends	–	–	29.7	29.7
At 5th May 2001	–	1.6	43.4	45.0

The cumulative amount of goodwill resulting from acquisitions undertaken before April 1998, which has been written off to reserves, is £37.4m.

22 Minority interests

	2001 £m	2000 £m
At beginning of year	5.8	–
Share of profit after tax	0.3	–
Dividends	(0.2)	–
Additions	0.3	5.8
At end of year	6.2	5.8

23 Reconciliation of movements in shareholders' funds

	2001 £m	2000 £m
Retained (loss)/profit for the financial year	(8.7)	17.1
Goodwill previously written off to reserves	12.5	26.5
New share capital issued (Note 20)	0.2	0.3
Other – mainly currency translation	2.2	(1.5)
Net increase to shareholders' funds	6.2	42.4
Shareholders' funds at beginning of year	130.4	88.0
Shareholders' funds at end of year	136.6	130.4

24 Cash flow

	Continuing £m	Discontinued £m	2001 £m	Continuing £m	Discontinued £m	2000 £m
a Reconciliation of operating profit to net cash inflow/(outflow) from operating activities						
Total operating profit	19.2	21.2	40.4	19.9	3.0	22.9
Depreciation	15.7	0.4	16.1	13.2	1.9	15.1
Accelerated depreciation – exceptional operating expense	–	–	–	2.1	3.2	5.3
Goodwill amortised	0.8	–	0.8	0.4	–	0.4
Share of operating profit in joint ventures	(0.2)	–	(0.2)	(0.4)	–	(0.4)
Share of operating profit in associates	(2.3)	–	(2.3)	0.2	(5.5)	(5.3)
Other items not involving the movement of cash	0.4	–	0.4	0.3	–	0.3
Decrease in stocks	2.4	14.8	17.2	1.6	20.5	22.1
(Increase)/decrease in debtors	(2.4)	8.3	5.9	(17.2)	(5.1)	(22.3)
(Decrease)/increase in creditors	(2.6)	(25.1)	(27.7)	23.1	(27.4)	(4.3)
Net cash inflow/(outflow) from operating activities	31.0	19.6	50.6	43.2	(9.4)	33.8

The operating cash flows relating to acquisitions during the year were not material.

	2001 £m	2000 £m
b Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash in the year	(30.7)	22.7
Increase in short term deposits	3.3	20.1
Increase in debt and finance leases	(40.8)	(0.1)
Loan notes redeemed	–	0.7
Movement in net debt in the year	(68.2)	43.4
Net cash at beginning of year	44.0	0.6
Net (debt)/cash at end of year	(24.2)	44.0

24 Cash flow (continued)

	2001 £m	2000 £m	Cash flows £m
c Analysis of changes in net debt			
Cash at bank and in hand	35.4	60.8	(25.4)
Bank overdrafts	(5.6)	(0.3)	(5.3)
	29.8	60.5	(30.7)
Short term deposits	23.4	20.1	3.3
Bank loans due within one year	(6.5)	(0.8)	(5.7)
Loan stock due within one year	(0.1)	(0.1)	–
Current portion of finance leases	(0.3)	(0.6)	0.3
Debt due after one year	(70.5)	(35.1)	(35.4)
	(24.2)	44.0	(68.2)

25 Acquisitions and disposals

Acquisitions

	Ogden Ground Services			Other £m	Total £m
	Book Value £m	Fair Value Adjustments £m	Provisional Fair Value £m		
Net assets acquired:					
Intangible assets	24.9	(24.9)	–	–	–
Tangible fixed assets (Note 12)	29.4	(8.7)	20.7	0.1	20.8
Other investments (Note 13)	8.5	–	8.5	2.1	10.6
Stocks	0.4	(0.2)	0.2	–	0.2
Debtors	20.4	(1.2)	19.2	0.5	19.7
Cash	7.9	–	7.9	0.2	8.1
Creditors	(13.4)	(0.6)	(14.0)	(0.7)	(14.7)
Corporation tax	(0.6)	–	(0.6)	–	(0.6)
Deferred taxation (Note 19)	(0.1)	–	(0.1)	–	(0.1)
	77.4	(35.6)	41.8	2.2	44.0
Satisfied by:					
Cash			79.7	6.8	86.5
Acquisition costs			5.8	0.3	6.1
Consideration outstanding			2.0	–	2.0
Deferred consideration			–	0.5	0.5
Minority interest (Note 22)			–	0.3	0.3
Goodwill (Note 11)			45.7	5.7	51.4

On 20th November 2000 the Group acquired Ogden Ground Services, a subsidiary of Ogden Corporation of the USA, and on 16th February 2001 exercised a call option to acquire their 49% interest in Aeroporti di Roma Handling SpA.

The adjustments to book value reflect the writedown of goodwill of £24.9m, which arose on previous acquisitions undertaken by Ogden Ground Services, the writedown of fixed assets, mainly property, based on independent valuations and certain working capital adjustments to align accounting policies. Goodwill of £45.7m remains provisional pending finalisation of the completion accounts process.

Prior to acquisition, Ogden Ground Services was part of Ogden Corporation of the USA and was not accounted for separately. In addition, only certain assets and liabilities of Ogden Ground Services were acquired. In these circumstances, it was not possible to provide details of profits or recognised gains and losses for Ogden Ground Services for financial periods before acquisition as these were not computed on a stand-alone basis.

25 Acquisitions and disposals (continued)

Other

On 18th May 2000 the Group acquired MC Services Ltd, an aviation related claims handling business, for £1.8m, of which £0.5m was deferred. The deferred consideration is payable in equal instalments on 18th May 2001 and 2002. A further performance related payment of £1.0m may become payable between the date of acquisition and April 2005.

On 29th September 2000 the Group acquired 49% of GlobeGround (UK) Ltd for £2.8m and subscribed for £1.3m of loan notes.

On 3rd November 2000, the Group acquired 80% of Manchester Cargo Centre Limited for £1.1m.

On 9th March 2001 the Group acquired 33.3% of Eurobip for £0.3m.

Disposal of THE

On 11th August 2000 the Group disposed of THE.

	£m
Net assets disposed:	
Tangible fixed assets	2.0
Stocks	10.8
Debtors	16.4
Creditors	(15.5)
	13.7
Goodwill previously written off to reserves	12.5
Disposal costs	2.3
Cash received	(2.1)
	26.4
Loss on disposal	26.4

Additional consideration of up to £3.5m may be received in certain circumstances, including a subsequent sale of the business.

26 Related party transactions

During the year the Group transacted with related parties in the normal course of business and on an arm's length basis. Details of these transactions are shown below:

Related party	Group share-holding %	Sales to related party £m	Purchases from related party £m	Amounts owed by related party at 5th May 2001 £m
Dolphin International Freight Services (UK) Ltd	50	0.2	0.3	–
Ogden & Talma Aviation Services of Peru SA	50	0.4	–	–
GlobeGround (UK) Ltd	49	0.3	–	0.1
Aeroporti di Roma Handling SpA	49	0.1	–	0.1

Mr W R E Thomson, a director of the Company, is a director of Dolphin International Freight Services (UK) Ltd and has an interest in EG Thomson (Shipping) Ltd which owns 50% of Dolphin.

During the year the Group also incurred fees for legal services amounting to £0.4m (2000: £0.1m) to Maclay Murray & Spens, of which Mr M J Walker, a director of the Company, is a partner.

27 Subsidiary companies

The principal subsidiaries, John Menzies Distribution Ltd, John Menzies (UK) Ltd, Menzies Aviation Group plc and Menzies Aviation Holdings Ltd are ultimately wholly owned by the Company and operate mainly in the United Kingdom. The issued share capital of these subsidiaries is in the form of equity shares. Details of all subsidiary companies are given in the Annual Return.

Five Year Summary

	2001 £m	2000* £m	1999 £m	1998 £m	1997 £m
Turnover (excluding joint ventures and associates)					
Distribution Services	844.2	847.5	814.4	805.7	774.7
Aviation Services	137.1	67.6	42.4	43.0	38.6
	981.3	915.1	856.8	848.7	813.3
Retailing	165.0	158.3	146.3	150.9	150.4
Continuing operations	1,146.3	1,073.4	1,003.1	999.6	963.7
Discontinued operations	141.8	224.7	276.2	543.4	453.7
	1,288.1	1,298.1	1,279.3	1,543.0	1,417.4
Operating profit					
Distribution Services	26.3	30.0	30.8	33.1	29.9
Aviation Services	4.3	2.2	1.7	0.9	1.8
	30.6	32.2	32.5	34.0	31.7
Retailing	1.7	(2.0)	(4.6)	(6.1)	2.3
	32.3	30.2	27.9	27.9	34.0
Corporate and central services	(6.9)	(7.1)	(6.9)	(7.4)	(7.9)
Pension credit/(charge)	5.0	5.0	4.0	2.3	(0.6)
Continuing operations	30.4	28.1	25.0	22.8	25.5
Goodwill amortisation	(1.7)	(0.4)	-	-	-
Discontinued operations	21.2	6.2	5.8	16.3	9.8
Total operating profit	49.9	33.9	30.8	39.1	35.3
Exceptional items	(34.8)	2.0	(15.2)	(62.6)	-
Profit before interest	15.1	35.9	15.6	(23.5)	35.3
Interest payable	-	(2.6)	(2.2)	(5.1)	(4.7)
Profit before taxation	15.1	33.3	13.4	(28.6)	30.6
Per ordinary share					
Dividends	18.1p	17.1p	15.8p	15.2p	13.8p
Headline earnings	62.8p	37.9p	32.3p	40.0p	33.6p
FRS 3 earnings	2.7p	48.0p	13.9p	(71.4)p	33.6p

* 53 week year

Shareholder Information

Internet

The Group operates a website which can be found at www.menziesgroup.com. This site is regularly updated to provide information about the Group and each of its operating divisions. In particular all of the Group's press releases and announcements can be found on the site together with copies of the Group accounts.

Registrars

Any enquiries concerning your shareholding should be addressed to the Company's Registrars:

Capita IRG plc, Attn Simon Stafford, Bourne House,
34 Beckenham Road, Beckenham, Kent BR3 4TU

Tel: 020 8639 2473 Fax: 020 8639 2487

E-mail: ssd@capita-irg.com

The Registrar should be notified promptly of any change in a shareholder's address.

Share price

The current share price of John Menzies plc ordinary shares can be obtained from the Group's website and on FT Cityline by dialling 0891 433 339 (calls cost 50p per minute).

Low cost dealing service

The Group has arranged a low cost dealing service for those wishing to buy or sell shares in John Menzies plc. To use this service please call 0845 601 0995 and quote ref: LOW C0014.

Alternatively, write to:

Menzies Group Share Dealing Service, Stocktrade, PO Box 1076, 10 George Street, Edinburgh EH2 2PZ

Payment of dividends

It is in the interests of shareholders and the Company for dividends to be paid directly into bank or building society accounts.

Any shareholder who wishes to receive dividends in this way should contact the Company's Registrar to obtain a dividend mandate form.

Dividends are paid as follows:	Interim	Final
Ordinary shares	Early April	31st October
9% Preference shares	1st April	1st October
8.58% Preference shares	20th June	20th December

The final dividend on ordinary shares will be payable to shareholders on the register at 12th October 2001.

Investor relations

For further copies of the Annual Accounts or other investor relations enquiries, please contact:

The Company Secretary, John Menzies plc,
Hanover Buildings, Rose Street, Edinburgh EH2 2YQ

Tel: 0131 459 8181 Fax: 0131 226 3752

E-mail: cosec@menziesgroup.com

Principal Business Addresses

John Menzies plc	108 Princes Street, Edinburgh, EH2 3AA Tel +44 (0) 131 225 8555 Fax +44 (0) 131 226 3752 E-mail: cosec@menziesgroup.com
Menzies Wholesale	2 Lochside Avenue, Edinburgh Park, Edinburgh, EH12 9DJ Tel +44 (0) 131 467 8070 Fax +44 (0) 131 469 4797
Menzies Aviation Group	Brambletye House, 29 Brighton Road, Crawley, West Sussex, RH10 6AE Tel +44 (0) 1293 583 300 Fax +44 (0) 1293 526 478
Menzies World Cargo	Building 557, Shoreham Road West, Heathrow Airport, Middlesex, TW6 3RJ Tel +44 (0) 208 750 3001 Fax +44 (0) 208 750 3005
Menzies Aviation Support Services	Building 559, Shoreham Road West, Heathrow Airport, Middlesex, TW6 3TU Tel +44 (0) 208 754 9051 Fax +44 (0) 208 754 9058
Early Learning Centre	South Marston Park, Swindon, Wiltshire, SN3 4TJ Tel +44 (0) 1793 831 300 Fax +44 (0) 1793 824 114

Principal Advisors

Auditors

PricewaterhouseCoopers	Erskine House, 68 Queen Street, Edinburgh, EH2 4NF
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Corporate Financial Advisers and Joint Brokers

Dresdner Kleinwort Wasserstein	20 Fenchurch Street, London, EC3P 3DB
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Joint Brokers

Bell Lawrie White	48 St Vincent Street, Glasgow, G2 5TS
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