Menzies Group

Interim Report 2000/01

Menzies Group

Distribution

Menzies Wholesale
Distribution of newspapers and magazines

Jones Yarrell
Delivery of news and magazines direct to businesses

Worldwide Magazine Distribution
Specialist magazine distribution (33.3%)

eMagazineshop.com
On-line magazine subscription service (22.5%)

THE Games (exiting February 2001)
Distribution of Nintendo product in the UK and Ireland

Dolphin Logistics
Specialist logistics management (50%)

Aviation Services

Menzies Aviation Group

Menzies World Cargo
Air cargo handling

Menzies Aviation Support Services
Support services to airlines and airport operators

Menzies Ground Services
Passenger and ramp handling in the UK (49%)

Early Learning Centre
Retailer of quality learning toys

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Highlights

The acquisition of Ogden Ground Services has transformed Menzies Aviation Group into a major international player

John Menzies Wholesale delivered a fine performance despite market turmoil

THE Games' results were outstanding. The timing of our exit has allowed us to maximise profits at the peak of the Pokémon phenomenon

We are confident in our strategy and ability to deliver results

Chairman's Statement

We are much encouraged by these interim results which clearly show the benefits of the implementation of our Group strategy.

The Board is much encouraged by the progress reflected in these interim results which clearly show the emerging benefits of the implementation of our Group strategy.

Menzies Aviation Group is now one of the leading international ground handling companies following the purchase of Ogden Ground Services. The acquisition was completed on 20th November, so there is no contribution in these results. It is however the most significant step to date in our expansion into aviation support services. Considerable progress has already been made in integrating this business, with its wide geographic spread, into our existing operations.

I am delighted that David Coltman has accepted an invitation to join the Board as a non-executive Director with effect from 1st February. He has had a distinguished international career in the aviation business, most recently at United Airlines, and has already given valuable service to your Group as a consultant.

John Menzies Wholesale continues to produce solid results with strong cash generation. The team has faced up vigorously to the serious threat which attempted to change fundamentally the nature of news and magazine wholesaling in the UK which we believed was to the detriment of most of the industry. The Board is very pleased that these issues have now been resolved satisfactorily, and management will now focus fully on further development and improvements to the UK's news distribution system.

We continued our policy of disposing of non-core activities with the sale in August of THE, our music and video wholesale business, to its management. We are also closing THE Games at the end of February when the contract with Nintendo comes to an end. Both these businesses are essentially highly seasonal with major risks relative to any potential reward.

Early Learning Centre has continued its steady recovery and is returning to profit. We will dispose of this business when we are able to achieve an acceptable value for shareholders.

Earnings per share in the current financial year will benefit from an exceptionally strong performance from THE Games resulting from the Pokémon phenomenon and prudent management in the run up to closure. Inevitably next year's earnings will be impacted by the decision to exit from this volatile business, but this will occur at a time of increasing benefits from the Menzies Aviation Group as its expansion gathers pace.

Overall, your Board has every confidence in the Group's future. Accordingly it is raising the interim dividend by 10 per cent to 5.5p per share. This will help to bring a greater balance between the interim and final and reflects our progress in reducing seasonal factors as well as creating a more predictable platform for the future growth of the Group.

Gavin Reed

Gavin Reed
Chairman
23rd January 2001

We have made significant progress in focusing the Group as a logistics support services organisation.

In the last six months we have made further progress in focusing the Group as a logistics support services organisation. The acquisition of Ogden Ground Services has transformed our aviation services Division which was mainly UK based into a major international ground handling business.

John Menzies Wholesale delivered a fine performance despite market turmoil and the diversion of management effort caused by WH Smith's inappropriate plans for radical changes to the magazine supply chain which have now been abandoned.

We have also significantly reduced our exposure to highly seasonal and volatile market risks through the disposal of THE and the decision not to renew THE Games' Nintendo distribution contract following its expiry at the end of February 2001. During the period to termination we have taken steps to maximise revenues and operating profits from this business.

The satisfactory turnaround process at Early Learning Centre is continuing as planned and it remains our intention to divest this business in due course.

Interim Results
Summary

Turnover for the six months to 4th November 2000 increased by 6% to £630.9m despite the disposal of THE, with all Divisions demonstrating good progress. Continuing operations generated sales of £545.3m during the period, an increase of 5% on last year.

Headline profit before tax increased from £4.3m to £16.1m and Headline earnings per share rose from 3.6p to 19.0p.

After goodwill amortisation, overall operating profit of £15.0m was £9.0m ahead of last year. On continuing operations the increase was £0.7m to £8.4m. Distribution operating profit was £0.6m lower at £13.0m largely because of ongoing newspaper volume declines, inflationary cost pressures, notably fuel, and latterly, the impact of the turmoil in the wholesale news market. Aviation Services growth continued, with a 25% increase in operating profit to £2.0m. Operating losses at Early Learning Centre were reduced by £0.9m to £5.5m. Goodwill amortisation of £0.4m was £0.2m higher than the comparative period.

Discontinued operations generated profit of £6.6m, contrasting with a £1.7m operating loss in the comparative period. This was mainly as a result of the unique benefit from the Pokémon phenomenon at THE Games and the sale of the loss-making THE.

Net interest receivable of £0.7m contrasted to a cost of £1.9m in the comparative period. This reflected both the benefits of the proceeds on the disposal of the stake in SUOS in March last year and credit terms from Nintendo.

The disposal of THE in August generated an exceptional loss of £26.4m, including £12.5m in respect of goodwill previously written off to reserves. However, the cash effect of this transaction was minimal. The exceptional loss was partially offset by an exceptional gain of £2.5m realised on the sale of an investment.

As a result, an overall loss per share of 19.0p contrasts to earnings of 9.9p in the comparative period.

Cash Flow

Overall operating cash inflow of £18.4m compared to a £20.9m outflow in the comparative period.

Operating cash inflows from continuing operations of £2.2m were £7.2m lower than the comparative period, with the difference reflecting the impact of the extra 53rd week in the period to 6th May 2000. Discontinued operations generated cash inflows of £16.2m, some £46.5m better than last year, benefiting from the disposal of THE and the strong performance of THE Games.

Net capital expenditure amounted to £8.4m, some £5.6m higher than the comparative period which included £7.5m from the proceeds on the disposal of Hanover Buildings. Some £9.0m was spent on acquisitions, including an aviation claims handling business, 80% of the GlobeGround cargo handling operation at Manchester and a 49% stake in GlobeGround's UK passenger and ramp handling operations at Heathrow. We also invested in a 22.5% holding in eMagazineshop, an internet magazine subscription service based in the UK.

Net cash at 4th November was £41.0m including debt drawn down in anticipation of the completion of the acquisition of Ogden Ground Services. This effectively inflated the gross balances at the end of the period.

Divisional Highlights

In a difficult market, Distribution had a good six months, with operating profits slightly lower than the comparative period on sales which grew by 3% to £428.4m. Magazine sales showed 1% growth, in contrast to the 3% achieved in the comparative period. Newspaper sales revenue remained static but volumes continued to decline by 3%. Previous signs that tactical price-cutting was declining proved to be short lived and extensive promotional pricing activity has continued. Sales of stickers grew by £2.6m and the introduction of phone cards generated £6.1m sales, albeit at a lower margin.

The announcement by WH Smith and others of their intention to appoint a single wholesaler for their UK magazine supply created serious division amongst publishers, wholesalers and retailers alike. This move had potentially wide ranging implications on the contract renewals secured two years ago and on future strategy for the Division.

However, after extensive discussions, an agreed industry solution has been developed, which not only secures the best of the extensive existing distribution network, which is envied world-wide, but also creates a stable platform to focus on positive enhancements in the future.

The aviation services industry provides significant opportunities for profitable growth. Menzies Aviation Group ("MAG") has continued to expand through a combination of acquisitions, business start-ups and organic growth. Sales in the period increased by 23% to £47.4m.

Following the purchase, during the last financial year, of the cargo handling operations of the BOC Group and Aer Lingus, together with a controlling stake in the London Cargo Centre, Menzies World Cargo has focused on efficiently combining the enlarged business. The former BOC business has largely recovered from the adverse impact of a contract loss attributable to historic service issues. Winning new traffic has been one of the key steps in returning their loss-making business to profitability.

Passenger and Ramp Handling operations have been extended further with the acquisition of the 49% stake in GlobeGround's Heathrow activities. Under similar arrangements, operations have already been established at Manchester and Stansted.

Menzies Aviation Support Services have expanded with the addition of MC Services, a profitable outsourced claims handling business. Execair has largely recovered from the ending of BMW activity at Birmingham and has opened new locations at East Midlands and Charleroi, Belgium. Connect, the passenger and baggage transfer service contract with BAA plc, has performed well in its second year of operation.

Early Learning Centre ("ELC") increased overall sales by 6% to £69.5m against the comparative period as the business turnaround continues. This included a 3% like for like sales increase despite a continuation of the deflationary toy market.

The focus on a multi-channel approach continued to support the recovery, with Debenhams and Sainsbury concessions, mail order and ELC online all increasing their contribution. In addition, ELC has increased the proportion of product sourced from the Far East with this now representing almost 60% of total purchases compared to 50% in the comparative period.

Discontinued activities comprise THE Games, THE and SUOS in the comparative period, none of which were core businesses in the Group. Their exit reinforces our strategy of concentrating on core logistics support services.

The performance of THE Games during the six months has been outstanding because of the extraordinary success of Pokémon. Sales of £71.8m were £41.5m higher than the comparative period.

Outlook

Our core businesses John Menzies Wholesale and MAG, which are not seasonally dependent, continue to perform well.

The Group, however, is still affected by Christmas trading particularly in respect of ELC and THE Games. ELC enjoyed continuing growth at Christmas with like for like sales in December, including mail order and internet, up by 6% and gross margins ahead of the comparative period. It is on track to become profitable this year.

A second Pokémon Christmas season lifted Game Boy sales and prolonged the life cycle of the N64 console despite the launch of next generation product by competitors. However, this merely emphasises the extreme volatility and seasonality of the games market, which also exposed the Group to significant working capital and currency risks.

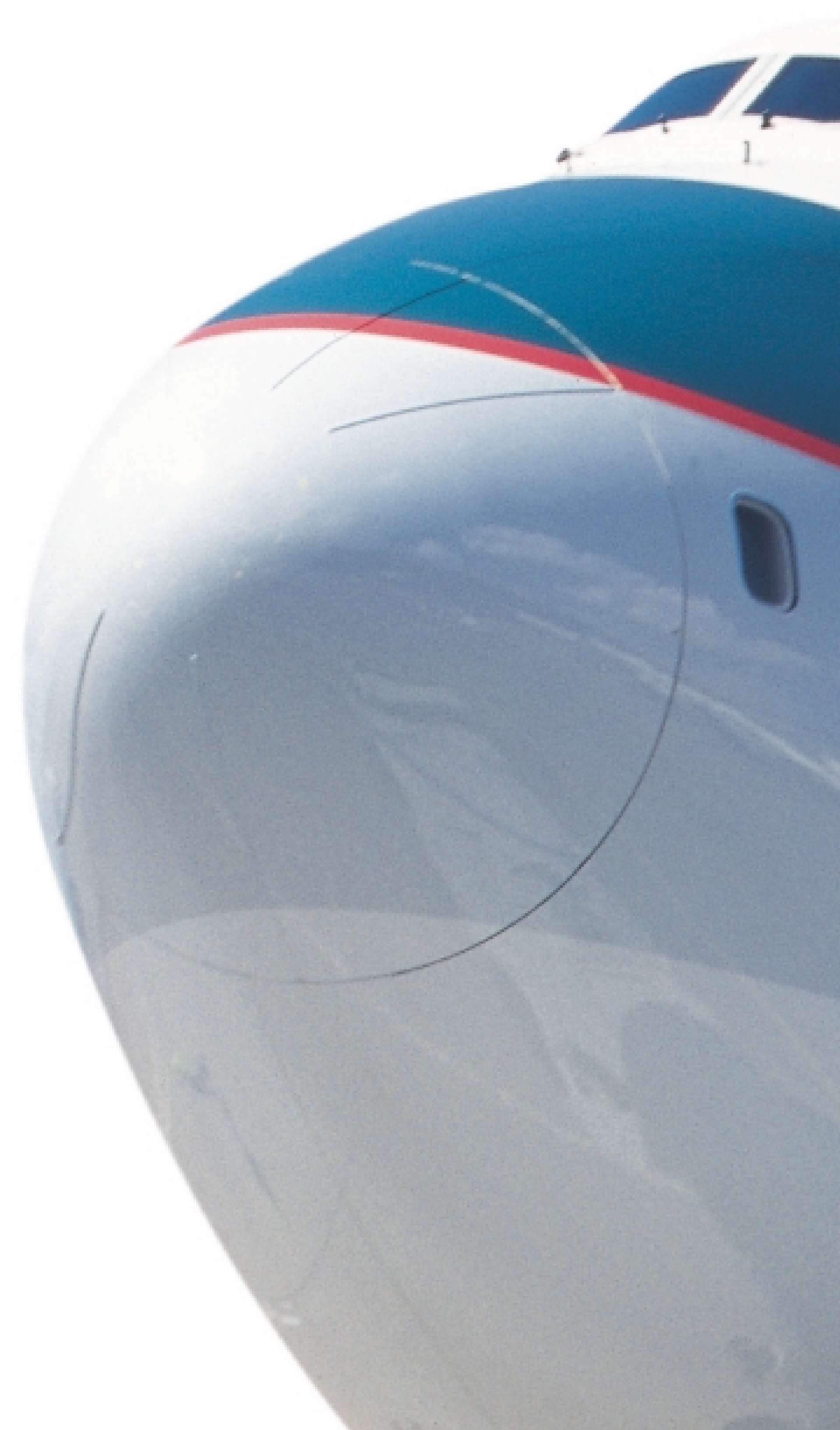
The timing of our exit from this business has allowed us to maximise its profits at the peak of the Pokémon phenomenon, which significantly exceeded our expectations, while market trends ahead suggest an even more intensively competitive environment.

On the acquisition of Ogden Ground Services, our integration planning and preparation has enabled us to establish effective management control immediately following completion. As a result, we have now started restructuring those operations previously identified as under-performing and achieving rationalisation efficiencies in the regional offices within the combined business.

Our actions have positioned us well to capitalise on the significant benefits and substantial opportunities offered by the enlarged business. 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.

As ever, there are substantial challenges and opportunities ahead, not least in the successful integration and development of Ogden. However, I believe that the team has a firm grasp of the issues to be tackled. We are therefore confident in our strategy and ability to deliver results.

David Mackay
Chief Executive



Group Profit and Loss Account

	Notes	Half year to 4th Nov 2000 Before exceptional items £m	Exceptional items £m	Total £m	Half year to 30th Oct 1999 Before exceptional items £m	Exceptional items £m	Total £m	Full year (53 weeks) to 6th May 2000 Before exceptional items £m	Exceptional items £m	Total £m
Turnover										
(including share of joint ventures and associates)										
Continuing operations	2	**545.3**	**–**	**545.3**	521.7	–	521.7	1,091.8	–	1,091.8
Discontinued operations	2	**95.6**	**–**	**95.6**	120.2	–	120.2	304.0	–	304.0
		640.9	**–**	**640.9**	641.9	–	641.9	1,395.8	–	1,395.8
Less: share of joint ventures and associates	2	**(10.0)**	**–**	**(10.0)**	(49.0)	–	(49.0)	(97.7)	–	(97.7)
Group turnover		**630.9**	**–**	**630.9**	592.9	–	592.9	1,298.1	–	1,298.1
Group operating profit/(loss)										
Continuing operations	2	**8.4**	**–**	**8.4**	7.4	–	7.4	27.0	(7.3)	19.7
Discontinued operations	2	**6.6**	**–**	**6.6**	(4.1)	–	(4.1)	0.7	(3.2)	(2.5)
Share of operating profit/(loss) in										
Joint ventures	2	**–**	**–**	**–**	0.5	–	0.5	0.9	(0.5)	0.4
Continuing associates	2	**–**	**–**	**–**	(0.2)	–	(0.2)	(0.2)	–	(0.2)
Discontinued associate	2	**–**	**–**	**–**	2.4	–	2.4	5.5	–	5.5
Total operating profit/(loss)		**15.0**	**–**	**15.0**	6.0	–	6.0	33.9	(11.0)	22.9
Exceptional items										
Gain on disposal of fixed assets	3	**–**	**2.5**	**2.5**	–	3.7	3.7	–	12.7	12.7
(Loss)/gain on disposal of businesses	3	**–**	**(26.4)**	**(26.4)**	–	–	–	–	0.3	0.3
Profit/(loss) on ordinary activities before interest		**15.0**	**(23.9)**	**(8.9)**	6.0	3.7	9.7	33.9	2.0	35.9
Net interest receivable/(payable)		**0.7**	**–**	**0.7**	(1.9)	–	(1.9)	(2.6)	–	(2.6)
Profit/(loss) on ordinary activities before taxation		**15.7**	**(23.9)**	**(8.2)**	4.1	3.7	7.8	31.3	2.0	33.3
Taxation	4	**(4.4)**	**3.1**	**(1.3)**	(1.4)	–	(1.4)	(8.8)	4.0	(4.8)
Profit/(loss) after taxation		**11.3**	**(20.8)**	**(9.5)**	2.7	3.7	6.4	22.5	6.0	28.5
Minority interests		**(0.2)**	**–**	**(0.2)**	–	–	–	–	–	–
Profit/(loss) for the financial period		**11.1**	**(20.8)**	**(9.7)**	2.7	3.7	6.4	22.5	6.0	28.5
Dividends (including non-equity)	7	**(3.9)**	**–**	**(3.9)**	(3.7)	–	(3.7)	(11.4)	–	(11.4)
Retained profit/(loss) for the financial period		**7.2**	**(20.8)**	**(13.6)**	(1.0)	3.7	2.7	11.1	6.0	17.1
Earnings per ordinary share										
Headline	5	**19.0p**			3.6p			37.9p		
FRS3	5			**(19.0)p**			9.9p			48.0p
Diluted	5	**18.3p**		**(19.0)p**	3.2p		9.9p	37.2p		48.0p

Group Balance Sheet

	Interim		Full Year
	As at 4th Nov 2000 £m	As at 30th Oct 1999 £m	As at 6th May 2000 £m
Fixed assets			
Intangible assets	**17.0**	6.2	9.2
Tangible fixed assets	**100.1**	83.5	100.6
Investments	**3.3**	15.8	1.4
	120.4	105.5	111.2
Current assets			
Stocks	**61.1**	91.2	58.1
Debtors	**154.9**	134.8	147.6
Cash at bank and in hand	**118.2**	17.4	80.9
Creditors: amounts falling due within one year	**(218.2)**	(204.2)	(199.7)
Net current assets	**116.0**	39.2	86.9
Total assets less current liabilities	**236.4**	144.7	198.1
Creditors: amounts falling due after more than one year	**(79.3)**	(37.7)	(41.0)
Provision for liabilities and charges	**(21.7)**	(16.0)	(20.9)
Net assets	**135.4**	91.0	136.2
Capital and reserves			
Equity share capital	**14.1**	14.1	14.1
Non-equity share capital	**21.4**	21.4	21.4
Called up share capital	**35.5**	35.5	35.5
Reserves	**93.9**	55.5	94.9
Shareholders’ funds	**129.4**	91.0	130.4
Minority interests	**6.0**	–	5.8
	135.4	91.0	136.2

Group Cash Flow Statement

	Interim		Full Year
	Half year to 4th Nov 2000 £m	Half year to 30th Oct 1999 £m	Year to 6th May 2000 £m
Net cash inflow from continuing operations	**2.2**	9.4	43.2
Net cash inflow/(outflow) from discontinued operations	**16.2**	(30.3)	(9.4)
Net cash inflow/(outflow) from operating activities	**18.4**	(20.9)	33.8
Dividend from discontinued associate	**–**	3.0	3.0
Net cash outflow from returns on investments and servicing of finance	**(0.2)**	(3.3)	(4.5)
Taxation received/(paid)	**0.9**	–	(0.2)
Free cash flow	**19.1**	(21.2)	32.1
Net cash outflow from capital expenditure and financial investment	**(8.4)**	(2.8)	(11.5)
Net cash (outflow)/inflow from acquisitions and disposals			
Investments in joint ventures and associates	**(6.5)**	(0.7)	(5.7)
Acquisitions	**(2.5)**	(6.0)	(10.9)
Disposals	**2.1**	–	48.0
Equity dividends paid	**(6.8)**	(6.2)	(8.9)
Management of liquid resources	**20.1**	–	(20.1)
Net cash inflow/(outflow) from financing	**40.4**	(0.7)	(0.3)
Increase/(decrease) in cash in the period	**57.5**	(37.6)	22.7

	Interim						Full Year		
	Contin-uing £m	**Discont-inued £m**	**Half year to 4th Nov 2000 £m**	Contin-uing £m	Discont-inued £m	Half year to 30th Oct 1999 £m	Contin-uing £m	Discont-inued £m	Year to 6th May 2000 £m
Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities									
Operating profit/(loss)	**8.4**	**6.6**	**15.0**	7.7	(1.7)	6.0	19.9	3.0	22.9
Depreciation	**6.8**	**0.2**	**7.0**	6.0	1.0	7.0	13.2	1.9	15.1
Accelerated depreciation – exceptional operating expense	**–**	**–**	**–**	–	–	–	2.1	3.2	5.3
Goodwill amortised	**0.4**	**–**	**0.4**	0.2	–	0.2	0.4	–	0.4
Share of operating (profit)/loss in associates	**–**	**–**	**–**	–	(2.4)	(2.4)	0.2	(5.5)	(5.3)
Share of operating profit in joint ventures	**–**	**–**	**–**	(0.5)	–	(0.5)	(0.4)	–	(0.4)
Other items not involving the movement of cash	**0.4**	**–**	**0.4**	(1.2)	(0.1)	(1.3)	0.3	–	0.3
(Increase)/decrease in stock	**(7.1)**	**(6.7)**	**(13.8)**	(10.1)	(0.9)	(11.0)	1.6	20.5	22.1
Increase in debtors	**(4.6)**	**(19.3)**	**(23.9)**	(2.7)	(10.9)	(13.6)	(17.2)	(5.1)	(22.3)
(Decrease)/increase in creditors	**(2.1)**	**35.4**	**33.3**	10.0	(15.3)	(5.3)	23.1	(27.4)	(4.3)
	2.2	**16.2**	**18.4**	9.4	(30.3)	(20.9)	43.2	(9.4)	33.8

Notes on Accounts

1. Preparation of the interim results

This interim statement in respect of the 26 weeks to 4th November 2000 has been prepared on the basis of accounting policies consistent with those set out in the Group Accounts for the 53 weeks ended 6th May 2000.

The interim results were approved by the Board on 22nd January 2001 and are unaudited. The results for the 53 weeks to 6th May 2000 are an abridged version of the Group's Annual Accounts, which carried an unqualified Auditors' Report and which have been filed with the Registrar of Companies.

2. Segmental analysis

	Turnover			Profit / (Loss)		
	Interim		Full Year	Interim		Full Year
	Half year to 4th Nov 2000 £m	Half year to 30th Oct 1999 £m	Year to 6th May 2000 £m	**Half year to 4th Nov 2000 £m**	Half year to 30th Oct 1999 £m	Year to 6th May 2000 £m
Distribution	**428.4**	417.7	856.7	**13.0**	13.6	30.0
Aviation Services	**47.4**	38.5	76.8	**2.0**	1.6	2.2
Logistics Support Services	**475.8**	456.2	933.5	**15.0**	15.2	32.2
Retail	**69.5**	65.5	158.3	**(5.5)**	(6.4)	(2.0)
	545.3	521.7	1,091.8	**9.5**	8.8	30.2
Central costs	**–**	–	–	**(3.2)**	(3.0)	(7.1)
Goodwill amortisation	**–**	–	–	**(0.4)**	(0.2)	(0.4)
Pension credit	**–**	–	–	**2.5**	2.1	5.0
Continuing operations	**545.3**	521.7	1,091.8	**8.4**	7.7	27.7
Discontinued operations	**95.6**	120.2	304.0	**6.6**	(1.7)	6.2
	640.9	641.9	1,395.8	**15.0**	6.0	33.9

Goodwill amortisation is analysed as £0.1m Distribution and £0.3m Aviation Services (October 1999: £Nil and £0.2m respectively).

Turnover includes Group share of the joint ventures and associates turnover of which £7.9m is included within Distribution, £2.1m is included within Aviation Services and £Nil is included within discontinued operations (October 1999: £4.5m, £4.5m and £40.0m respectively).

Discontinued operations comprise THE, THE Games and SUOS BV. SUOS BV was sold in March 2000.

3. Exceptional items

A gain of £2.5m was realised on a fixed asset investment in a subsidiary sold in an earlier year.

On 5th August 2000 THE was sold at a loss of £13.9m, before writing off goodwill of £12.5m previously charged to reserves.

A full analysis of the exceptional items in the year to 6th May 2000 can be found in note 5 of the Accounts.

4. Taxation

Taxation has been estimated at an effective UK tax rate of 28% (October 1999: 30%).

Notes on Accounts (continued)

5. Earnings per share

	Headline			Post exceptional items		
	Interim		Full Year	Interim		Full Year
	Half year to 4th Nov 2000 £m	Half year to 30th Oct 1999 £m	Year to 6th May 2000 £m	**Half year to 4th Nov 2000 £m**	Half year to 30th Oct 1999 £m	Year to 6th May 2000 £m
Operating profit	**15.0**	6.0	33.9	**15.0**	6.0	33.9
add back: goodwill amortisation	**0.4**	0.2	0.4	**0.4**	0.2	0.4
Exceptional items	**–**	–	–	**(23.9)**	3.7	2.0
Interest	**0.7**	(1.9)	(2.6)	**0.7**	(1.9)	(2.6)
Profit before taxation	**16.1**	4.3	31.7	**(7.8)**	8.0	33.7
Taxation	**(4.4)**	(1.4)	(8.8)	**(1.3)**	(1.4)	(4.8)
Minority interests	**(0.2)**	–	–	**(0.2)**	–	–
Preference dividend	**(0.9)**	(0.9)	(1.8)	**(0.9)**	(0.9)	(1.8)
Earnings for the period	**10.6**	2.0	21.1	**(10.2)**	5.7	27.1
Headline						
Earnings per ordinary share (pence)	**19.0**	3.6	37.9	**(18.3)**	10.3	48.7
Diluted earnings per ordinary share (pence)	**19.0**	3.6	37.9	**(18.3)**	10.3	48.7
FRS3						
Earnings per ordinary share (pence)	**18.3**	3.2	37.2	**(19.0)**	9.9	48.0
Diluted earnings per ordinary share (pence)	**18.3**	3.2	37.2	**(19.0)**	9.9	48.0
Number of ordinary shares in issue (millions)						
Weighted average	**55.689**	55.568	55.625			
Diluted weighted average	**55.711**	55.587	55.645			

In the 53 weeks to 6th May 2000 Headline earnings was calculated after deducting goodwill amortisation. In line with growing practice Headline earnings is now computed before deducting goodwill amortisation.

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

6. Reconciliation of movements in shareholders' funds

	Interim		Full Year
	As at 4th Nov 2000 £m	As at 30th Oct 1999 £m	As at 6th May 2000 £m
(Loss)/profit for the financial period	**(9.7)**	6.4	28.5
Goodwill previously written off to reserves	**12.5**	–	26.5
Dividends: ordinary shares	**(3.0)**	(2.8)	(9.6)
preference shares	**(0.9)**	(0.9)	(1.8)
New share capital issued	**0.1**	0.3	0.3
Other	**–**	–	(1.5)
Net (decrease)/increase in shareholders' funds	**(1.0)**	3.0	42.4
Shareholders funds' at beginning of period	**130.4**	88.0	88.0
Shareholders funds' at end of period	**129.4**	91.0	130.4

7. Interim dividend

Payment of the interim dividend of 5.5p per Ordinary share (October 1999: 5.0p) will be made on 6th April 2001 to shareholders on the register at the close of business on 16th March 2001.

8. Analysis of net debt

	As at 4th Nov 2000 £m	As at 6th May 2000 £m	Interim cash flows £m
Cash at bank and in hand	**118.2**	60.8	57.4
Bank overdrafts	**(0.2)**	(0.3)	0.1
	118.0	60.5	57.5
Short term deposits	**–**	20.1	(20.1)
Bank loans due within one year	**(3.2)**	(0.8)	(2.4)
Current portion of finance leases	**(0.3)**	(0.6)	0.3
Loan stock due within one year	**(0.1)**	(0.1)	–
Debt due after one year	**(73.4)**	(35.1)	(38.3)
	41.0	44.0	(3.0)

9. Acquisitions

On 18th May 2000 the Group acquired 22.5% of Brown Bear Publishing Limited (trading as eMagazineshop.com) for £2.5m.

On the same date the Group acquired MC Services Limited, 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 Heathrow Limited for £2.7m and, on 3rd November 2000, 80% of Manchester Cargo Centre Limited for £1.1m.

The results and cash flows relating to acquisitions during the period are not material.

10. Post balance sheet events

On 20th November 2000 the Group completed the acquisition of the global ground handling operations of Ogden Ground Services, a subsidiary of Ogden Corporation of the USA. The consideration paid was US$105.0m (£73.8m), which included US$10.4m in respect of cash balances within the acquired operations. Completion adjustments will be made following the finalisation of the balance sheet at closing. The Group also has the option to purchase certain minority shareholdings, within three months of completion, upon satisfaction of certain specified conditions.

On 8th December 2000 the Group announced that the current Nintendo distribution contract, which expires at the end of February 2001, would not be renewed. THE Games has therefore been treated as a discontinued operation. In accordance with FRS 12, redundancy and other potential closing costs will be accounted for in the full year.

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